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WEST EUROPE REPORT

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NUCLEAR DETERRENT FORCES SEEN AS LOSING CREDIBILITY

Paris STRATEGIE ET DEFENSE in French Jan 82 p 3

[Editorial by Michel Schneider: "Towards Capitulation Without Combat or the Socialist Path Towards Servitude"]

[Text] The promises made by Messrs Francois Mitterrand and Charles Hernu prior to the last presidential and parliamentary elections led some people to hope for the advent of a new era in national defense: the rapid buildup of our strategic nuclear forces, compensation for the delays in implementing the long-range appropriations bill and the reform of national service.

These were false promises, for behind the speeches, which were definitely more "orthodox" than those made by Valery Giscard d'Estaing, there appears to be no defense policy commensurate with the dangers threatening us. Mr Charles Hernu himself stated before the Defense Committee: "Considering the Soviet lead in antforce capabilities, the period of greatest danger will occur around 1984 and 1985." On 10 December, at the CHEA [Center for Advanced Studies of Weapons], General Mery recalled: "The coming years will be extremely dangerous."

Political and military officials are therefore fully aware that in 1984-85 we may find ourselves in the tragic situation of having to submit to nuclear blackmail by the Soviet Union.

Before the start of American rearmament, beginning in 1986, the Soviet Union, which would then no longer be able to continue the excessive arms race for economic and probably political reasons, will ineluctably be tempted before then to risk everything on the European theater. It will be a question of the USSR, at the peak of its military power, taking advantage of the historic opportunity which it will be offered by a Europe in total moral, economic, political and military decline. All signs point to this and the latest to date can be symbolized by the extremely conservative statements, which history will judge dishonorable, of Western officials following the military bid for power in Warsaw. In the golden book of European decadence, the words of Claude Cheysson, like those of the FRG defense secretary, "General Jaruzelski will continue the reforms," will mark the beginning of an ominous new stage.

In the case of France, the opinion polls taken clearly indicate that the motivating forces of the will, like those of the soul, have been destroyed and with them, the spirit of defense. In May 1980, 72 percent of the French said

they were against the use of nuclear weapons (IFOP [French Public Opinion Institute]-LE POINT). In November 1981, 55 percent of the population approved of the pacifist demonstrations manipulated by Moscow (IFOP-VSD [expansion unknown]). In the event of a serious threat by the USSR, 75 percent of the French would prefer to negotiate a compromise with the Soviets rather than get into a conflict (SOFRES [French Opinion Polling Company]-LE FIGARO). Finally, in early December 1981, 2 out of 3 of those polled did not believe that we were prepared for combat and a majority of them stated that military service had reduced any notion of patriotism which they might have had (Public SA-PARIS-MATCH) With regard to spirit, France has pretty much had it.

With regard to the military situation, it is disastrous and will be even more so in 1984. In the face of a Soviet threat from SS 20's, but also, why not mention it, from SS 22's and SS 23's, France will find it impossible to utilize its nuclear forces, which will have lost, in the eyes of the enemy as in those of the chief of state, any deterrent role. In a state of lethargy, the French will accept, without fighting, the "acceptable" political compromise which will seal our fate.

Comprehensive territorial defense and civil defense (0.3 percent of the military budget in 1982 as opposed to 2.5 percent in 1963) are nonexistent. Moreover, in key ministries, both Transportation and Civil Service, the socialist government has (knowingly?) placed men in the service of Soviet imperialism and they are preparing for the "civil insecurity" and total disorganization of the country.

Our nuclear forces, the last defense of our liberties, have now fallen below the level of credibility. Without target acquisition means and with processional transmissions, it would take our 40 Pluton missiles 72 hours to reach the First Army. Easily detectable, they could be, like the Jaguars and Mirage III's of the FATAF [Tactical Air Force] (30 loads for 75 planes!), be put out of commission by the use or threat of using long-range SS 20 or SS 22 missiles. The Soviets would also only have to "make a deal" with one or two officers so that the order to fire the Albion plateau's S 3's could not be executed (the two officers on duty are not searched upon entering the firing-control stations and one of them could easily neutralize his colleague). In 1984-85, we will still have only 1 or 2 SNLE's [missile-launching nuclear submarines] on patrol. Since a fortuitous or provoked accident cannot be ruled out a priori, the president of the republic could find himself psychologically and militarily incapable of providing any deterrent threat at all at the crucial moment.

The remarks made by Mr Charles Hernu before 10 May and again quite recently on 16 November 1981 at the IHEDN [Institute for Advanced National Defense Studies], "In the coming years, we will witness increased international instability and aggravation of the risks run by our country," should have heralded an exceptional effort, possibly accompanied by a loan, in the area of national defense. Past all sense of shame and listening only to his finally overwhelming dignity as a politician, Mr Hernu has submitted to parliament a calamitous budget, accompanied by considerations worthy of those of Leon Blum on 15 March 1935. With the exception of a handful of RPR [Rally for the Republic] deputies, who have probably testified for history, ignorant, weak or cooperative members of parliament have approved the budget of a man whose resignation should have been required as a point of honor.

Mr Huygues des Etages, a socialist, lied when he told the [National] Assembly on 13 December 1981: "Defense allocations increased by 0.045 percent in relation to the PIBm [gross domestic mercantile product], or more than last year." They increased 0.06 percent last year.

Mr Le Drian, a socialist, lied when he told the [National] Assembly on 13 November 1981: "The relative share of Title V funds, amounting to 44.8 percent, has risen substantially in comparison to the 1981 budget." Title V funds will increase by 18.16 percent in 1982, whereas they rose by 19.68 percent in 1981.

The minister of defense can use his meager funds to put the RDG [expansion unknown] in a comic strip or to improve the status of Cherbourg arsenal workers, but the fact remains that the Defense Ministry's share of the budget, which has remained at around 17 percent since 1977, will drop to 15.58 percent in 1982. On 4 December, the Senate unanimously approved defense allocations, since the opposition withdrew its proposed changes

As on the eve of 1940, our people have the ministers, members of parliament and generals that they deserve. Hernu is just as good as Daladier and Lacaze will surely be the equal of Gamelin.

MacArthur said: "In war, the history of defeat can be summarized in two words: too late." What statesman, which officers will stand up to say "No!"? In 3 years, France could make an exceptional effort to try to assure its survival as a free country: by launching another SNLE between now and 1985, putting the "L'Inflexible" into service earlier than scheduled, launching reconnaissance satellites, strengthening communications resources, accelerated deployment of the ASMP [medium-range air-to-surface missile], redeployment of our conventional forces and activation of reserves, development of self-protective measures and improvement of civil defense shelters.

There are no obstacles which sufficiently determined wills cannot overcome if they get started in time. There is no such thing as historical inevitability. We should remember the words of General De Gaulle: "There are times when the will of a few men overcomes determinism and blazes new paths!"

11915
CSO: 3100/427

COMMENTATOR SEES NUCLEAR FREEZE FAVORING USSR

Rotterdam NRC HANDELSBLAD in Dutch 31 Mar 82 p 7

[Article by Rob Meines: "Nuclear Arms Freeze Favors Russians"]

[Text] The proposal to freeze the number of nuclear weapons in the United States and the Soviet Union, which reached the U.S. Congress from such unexpected quarters, shows how strongly opinions differ about the deterrent function of nuclear weapons.

One group of people states that both sides can destroy each other (and the world) several times over, and maintains that a few missiles more or less on either side have become irrelevant. Even after a freeze at the present level the United States would easily be capable of deterring Moscow from an attack on the West.

Another group believes that a freeze of the nuclear arms arsenal at this particular time would give the Soviet Union such an advantage that Moscow would have no incentive at all to sit down at the bargaining table and agree to reductions. This group of opponents argues that a freeze would give the Russians what they are trying to achieve with their nuclear programs: nuclear superiority.

Keep Going

The gist in the objections of these opponents concerns Europe. There the Soviet Union has a substantial nuclear superiority with its medium-range missiles. And it is exactly there that President Leonid Brezhnev has been trying since October 1979 to freeze the situation, now with 200 SS-20 missiles more than when he began.

The total figures provide proponents of a freeze with a strong argument. Although the Soviet Union has more airplanes, submarines, and missiles with nuclear warheads than the United States (2,500 against 2,000), the United States has more nuclear warheads (9,400 against 8,000) even though they are lighter.

Last week Paul Warnke, Director of the Bureau of Arms Control and Disarmament (ACDA) was quoted by the NEW YORK TIMES as saying: "It makes no difference

at all. The fact that they have 2 megaton warheads and we have modest warheads of 400,000 TNT will result in only one difference: the size of the hole where the school used to be."

Opponents of a freeze can point out that continued preparations, productions, and installations of nuclear arms make definite sense if one wants to force the Russians to the bargaining table. Moscow refused to discuss a reduction in their SS-20 missiles until the NATO countries decided in December 1979 to produce 464 cruise missiles and 108 Pershing-2 missiles and to station them in five West European countries.

Eugene Rostow, Warnke's successor at ACDA, deeps explaining that it is of essential importance that the Americans continue with their preparations of, for instance, the MX-missile, the B-1 bomber, and the Trident submarine, otherwise negotiations with Moscow on limitations in strategic nuclear arms will have no results. In a discussion with his predecessor in the NEW YORK TIMES Rostow said last week: "A freeze would lead to endless discussions without any possibility of results."

That will also be the case, and to an ever greater degree, for the negotiations on limiting medium range missiles which have been in progress in Geneva since November.

The freeze really spoils Reagan's zero option. We have every reason to assume that the Russians will take their sweet time anyhow to find out if the European countries are really prepared to station cruise and Pershing missiles on their soil. If they are not so inclined, no concessions will be needed.

It appears that we are heading in the same direction with the strategic weapons. Just when the Reagan government is ready to discuss arms reductions with the Russians his own parliament gets in the way and torpedoes his strategy. It happens under pressure of large religious organizations and groups like the Union of Concerned Scientists, the International Organization of Physicians for the Prevention of Nuclear War, and the National Center for the Campaign to Freeze Nuclear Arms; the last mentioned group deploys daily 20,000 active workers over the entire United States.

Sequence to Salt

It would be nice if tonight Reagan would propose considerable reductions in strategic arms, just as he did last November for European nuclear arms. After almost 2 years that could finally become a sensible sequence to the Salt II agreement.

It is highly questionable if we ought to be so happy with the freeze wave, the way it is now spreading throughout the United States.

It is as yet difficult to fully comprehend the consequences of a freeze. However, some things are certain. In the first place, the Soviet Union is holding on to a considerable nuclear preponderance in Europe in addition to

the preponderance in conventional arms it already has. Henry Kissinger, U.S. Secretary of State under Nixon, said a few years ago: "In the history of the world it has not happened yet that a nation successful in attaining superiority in all weapon categories did not try to take advantage of this superiority in its foreign policy." Moscow is certainly going to take advantage of its superiority.

It can be argued, as has been done above, that the United States can offset the SS-20 with their minuteman and titan missiles. This leads to the second point under discussion. At this particular time a freeze would actually take us back to the situation as it was before 1967 when the strategy of "massive retaliation" prevailed. The reaction to every attack by the Soviet Union, even a conventional one, would then have caused an immediate attack on Russian cities.

This strategy was later abandoned when it lost its credibility. The United States would be committing suicide because the Russians would retaliate with the destruction of New York, Chicago, etc. It would be unrealistic to expect that a U.S. president would press the atom button for a limited Russian attack in Europe.

Measured Response

The strategy of the "measured response," developed in 1967, assumes that a Russian attack requires a response on the same level: conventional, tactical nuclear weapons, medium-range missiles. Only if the deterrent action of the arsenal would fail, the big intercontinental weapons would come into play. This strategy exists in spite of all its shortcomings, especially politically. At any rate, it is not based on the illusion that a U.S. president will immediately begin the destruction of the world at the start of a limited armed conflict.

Yesterday Norman Podhoretz, editor-in-chief of the conservative U.S. magazine COMMENTARY, formulated the third point in a conversation with the VOLKSKRANT. He said; "The rise of the anti-nuclear arms movement actually signifies that a growing number of Americans is turning their backs on Europe." He added: "If I lived in Europe I would not be so happy with this development."

Podhoretz's words reveal that the pro-freeze movement has many aspects in common with the emerging isolationism in the United States: let Europe take care of itself.

It is most important to drastically curtail the number of nuclear arms in the world. This goal cannot be reached via mass movements which in their enthusiasm, could have the opposite result: a badly balance situation which allows Moscow to gain political advantages in Europe and can suddenly turn into a crisis. It can be achieved via negotiations between the two parties leading to a balanced level via considerable verifiable reductions.

The condition for success is political desire. Let us hope that Reagan will display this desire tonight. If it comes about under the pressure of the pro-freeze movement it would at least have achieved something positive.

10319

CSO: 3105/159

SUSPECT ARRESTED IN KILLING OF YUGOSLAVS

Brussels LE SOIR in French 18 Mar 82 p 4

[Article by Jean Rebuffat: "The Man Arrested for the Attack at the 'Yugoslavia' Is Isa Hoti, Brother of the Killer at the 'White Horse'"]

[Text] Musa Hoti. If you have followed the bloody conflicts among Yugoslavs which regularly stud our "general information" pages, this name should mean something to you. It was learned Tuesday that the man arrested for the attack at the Vieux-Marche-aux-Grains is Isa Hoti, the brother of Musa, who was involved in the affair at the "White Horse."

At that time though, the public prosecutor's office in Brussels claimed, not without some justification, that this affair was not in the least political...

But let us recall the facts. And we will see that they are not without certain similarities, obviously perhaps intentional the second time, to the attack at the Yugoslavia.

The White Horse is a cafe in the center of the capital where, on Tuesday, 4 August 1981, a group of Yugoslav nationals were drinking hard into the small hours of the morning. Among them was Musa Hoti, who was born in Kosovo on 11 July 1946, but who had been living in Belgium for several years. In fact, he had requested (without any ruling having been made on this as yet) the status of political refugee.

New arrivals sat down at a nearby table. According to what the public prosecutor's office revealed about the statements made by Hoti, who turned himself in 2 weeks later... to the National Security Service, there was a sorry story of rounds refused and then accepted. Finally, feeling laughed at, Musa Hoti had pulled out a gun and shot at the rival table, killing an accountant from the Yugoslav embassy, Stojan Djeric, and wounding a bodyguard, Redzo Zuko.

The investigators had no doubt that this crime was not of a political nature. Indeed, on the one hand, Djeric seemed to have turned up by chance at the White Horse, and on the other, Hoti escaped, leaving behind his jacket in the pocket of which were his billfold and papers...

However, Yugoslavia did not for one second believe that it was a coincidence. Perhaps because the authorities of that country knew better than anyone whether Djoric and Zuko were "secret agents" in their service, as was immediately claimed.

It is known that the crime caused a sudden diplomatic tension between Brussels and Belgrade, a tension which was revived following the attack at the Yugoslavia.

On the evening of 4 August -- a new parallel -- a soccer game in Anderlecht opposed the local Sporting club to the Hajduk Split. It was a game without stakes; it was canceled at the last second.

On the evening of 3 March -- the day of the attack at the Belgo-Yugoslav sports and cultural center on the Vieux-Marche-aux-Grains, which left two dead, cut down by a burst of machine gun fire -- Anderlecht was also supposed to play a Yugoslav soccer team, this time the Red Star of Belgrade. This game was not postponed, very likely in order to avoid the risk of losing the game by default (3-0), because it represented the first round of the quarter finals of the European Cup of champion clubs. A minute of silence was dedicated to the memory of the victims. The game ended with a narrow Brussels victory (2-1); the return game will actually take place this afternoon.

Revelations

Even though nobody has claimed responsibility for the attack at the Vieux-Marche-aux-Grains, everyone thought that it was a politically motivated act. A Kosovo independence movement -- that part of Yugoslavia neighboring Albania, where clashes have occurred on several occasions over the last few years -- even denied any responsibility.

Was it really a private matter?

Last Friday, thanks to a composite picture and certain reports by witnesses, a man was arrested.

Was it the "unshaven killer?"

Or what role had he played?

The public prosecutor's office, which had been silent until Tuesday, revealed that this man was in fact Isa Hoti, the brother of Musa. Like Musa, he was born in Kosovo, on 30 July 1950. Isa Hoti, who positively denies any participation in this strange execution, lives in Koekelberg, at 5 rue Jean Jacquet.

Whatever the assumptions, the arrest of Isa Hoti has revived the affair -- or the two affairs -- in an unexpected manner.

END

REF: 3100/502

RESPONSIBILITY FOR ARSON CLAIMED

Athens I KATHIMERINI in Greek 1 Apr 82 p 1

[Excerpt] A fire which was caused--according to the facts which have emerged--by arson completely destroyed a ready-made-clothes cottage industry belonging to Kon. I. Apostolopoulos at 1 Ilioupoleos street in Ymittos. The damages are estimated to be four million drachmas.

The fire caused significant damage to the apartments of Maria Mandopoulou and Dim. Gongos, which are located on the first floor of the same apartment house, and to three private cars which were parked in front of the cottage industry.

At the same hour, the arsonists threw Molotov cocktails at the Sklavenitis supermarket which is across from the cottage industry. It smashed the supermarket window but did not ignite. An investigation is under way to determine if the arson of the cottage industry and the Molotov cocktail in the supermarket are due to political reasons or to a reprisal.

Telephone Call of Strangers

In the meantime, on 31 March, a stranger telephoned the AKROPOLIS offices and stated that the organization "Fourth of August" assumes responsibility for the arson; he dictated the following text:

"We are struggling for national-socialism to prevail, meritocracy to exist, and capitalism and Marxism to shatter. We had warned the PASOK government to liberate our compatriots Panagopoulos, Kourkoulakos, Tzavellas and the struggler Kalendzis within 15 days. The PASOK government did not consider our demand important. So we are giving the government an additional week to entertain our demand. If we are not satisfied, we will strike and there will be victims. Tomorrow we will drop leaflets."

9247

CSO: 4621/291

BOMB MAILED FROM FRG TO ISRAELI EMBASSY

Athens TA NEA in Greek 31 Mar 82 p 1

[Text] A bomb with a strong explosive mechanism and an electronic ignition was sent by mail from West Germany to the Israeli Diplomatic Representation in Palio Psykhiko.

The bomb arrived in an envelope which was addressed to the embassy's charge d'affaires. It was delivered by the post office along with the other mail on 29 March at 1230.

When the gendarme who received the mail held the envelope in his hands, he felt that something suspicious was happening. The envelope was heavy and "something was moving inside."

The gendarme notified the Athens Suburbs' Security. Its administrator, Emm. Vasilakis, sent two officers to the Israeli Embassy and a lieutenant-colonel pyrotechnist from the army was called.

The bomb was taken by the lieutenant colonel and transported to Khaidari where it was destroyed. It was confirmed that it was a powerful bomb. The explosion would have occurred as soon as they opened the envelope. Inside the envelope there was advertising for a German cosmetics company. It was written in German, English and French.

Interpol was notified and two Israeli diplomats went to Athens Suburbs' Security and made related statements to journalists.

9247

CSO: 4621/291

OIL EXPLORATION PLATFORM CONDUCTING TESTS SINCE OCT 1981

Paris COLS BLEUS in French 20 Mar 82 pp 5-6

[Article: "Glomar Drilling Rig"]

[Text] As viewed from our helicopter, the platform sitting there in the middle of the ocean looked very small for us to land on it, especially with the 35-knot wind which had been blowing since early morning. Before landing, all passengers looked askance at the 50-meter high derrick used by Elf-Aquitaine to explore for oil.

Contrary to what anyone might have believed, we were not off the coast of Saudi Arabia or in any other black gold-producing country. Indeed we were in France, an hour's flying time from Paris. The nearest coast was Arachon some 35 kilometers to the east. We were in the Bay of Biscay where the Glomar drilling rig has been searching for oil since October 1981. A strange paradox in a country where we are told that our ideas will make up for our lack of oil!

French Petroleum

The spectacular aspect of the oil-exporting countries had made us forget that France too produces hydrocarbons. Not much, of course, just enough to supply 1.8 percent of our national needs. Our output of natural gas is more favorable--more than one-fourth of French consumption--but still insufficient. Being dependent on foreign sources for our supplies is not a comfortable situation, not any more than having to pay an annual oil bill that is appalling to say the least: 108 billion in 1980 and even more in 1981. We had been told that the size of oil deposits in France were too small to be economically recoverable. It turns out, however, that many new factors have come up in the meantime to change this view.

For instance, seismic exploration methods have changed thanks to more advanced and detailed geological assumptions. It will soon be possible to search more accurately for oil and natural gas in heretofore inaccessible places, for example, at great depths offshore. In addition, the government, concerned about national independence, considers, and rightly so, that the development of deposits in metropolitan France would enable the country to save considerable foreign currency. Hence the need to survey the entire country and make an inventory of all available resources, encourage oil and gas exploration, and get many more fields producing.

As a result, the number of applications for drilling rights or leases has steadily increased since 1975. In 1981 alone, 67 such applications were filed. These covered an area of 245,000 square kilometers, including 218,500, or 89 percent, at sea. In 1981, 24 exploratory drilling projects were completed. That same year, drilling projects on land increased 2.5 percent while offshore drilling rose 54 percent. Most of this exploratory work is being done in Aquitaine, the site of most of the resources, in the Paris basin, in waters off the coast of Brittany, in the Sea of Iroise, in the Mediterranean, and to a lesser extent in Alsace and Jura.

The effort is definitely worth the candle, even if it does entail huge expenditures. Oil exploration is, as economists say, a "heavy industry," an expensive industry whose investments take a rather long time to produce a profit. This is particularly true about offshore exploratory activities. First, a ship has to be leased--at 3,000 francs per kilometer reconnoitered--to obtain indispensable geophysical and geological data. Secondly, after necessary preparations, exploratory drilling operations can begin from a drilling platform, all of this at a total cost of 90 million francs for 105 days of work. Between the first idea of searching for oil and the loading of the first ship, an average of 10 years will have elapsed, and several tens of billions of francs will have been spent, assuming, of course, a field has been found at the site explored. In 1981, French oil companies spent more than 1 billion francs on exploration alone, without ever being sure of finding a field that will turn a profit. There are risks even in advanced technology industries!

A Ship Unlike Others

The Glomar drilling platform is exploring in the Bay of Biscay for all the reasons mentioned above. For the past 58 months, it has searched there in 20 different sites. If all the drilling done were laid end to end, it would total 70 kilometers of pipe. And no oil has yet been found!

Some 75 persons work on this artificial island in the middle of the ocean. To be more exact, on this boat, because Glomar is a semi-submersible drilling rig that does not rest on the bottom of the sea which here is too deep (96 meters). It floats and is anchored by a system of eight mooring lines and eight anchors each exerting a 15-ton pressure. Ballasted buoyant chambers keep the rig stable and continuously regulate the height of the platform proper so that it is always several dozen meters above the surface of the water. Such height is necessary because the waves regularly rise to 15 meters, and even 20 meters some days.

Glomar is indeed a boat. It rolls, pitches and is battered by the waves. From time to time, in what some would call the gangways, a person is surprised to find he is not walking straight. We must not exaggerate, however: the platform is amazingly stable, with possible variations of 4 degrees which corresponds to a 7 percent shift from the horizontal plane. When the weather is too stormy and these variations widen, the wellhead is closed and the drill pipe is disconnected.

The fact is that movement of the string of pipes with the drilling bit attached must be accurate within 1 centimeter and the weight on the bit must be kept constant. For this purpose, a "pounding compensator" is mounted on top of the derrick. This device suppresses all ups-and-downs caused by the sea. These underwater operations involve the most advanced technologies, and the drilling bit, midst the noise of machines and waves, tirelessly continues to cut through one and a half meter of sea bed per hour day and night.

In a word, Glomar is a 100 by 80 meter floating island where everyone endeavors to work as if they were on land. It weighs 19,000 tons (the Eiffel Tower weighs 7,000). It is equipped with two cranes, a helicopter pad, and a 3,000-horsepower drilling winch. Even better, the Glomar has the essential characteristic of a boat in that it has its own propulsion system. Its two screw propellers driven by 4,000-horsepower engines, enable the platform, once the drilling completed, to move to another relatively nearby site without the help of tugboats.

Work crews do not seem to be unhappy with their working and living conditions. Admittedly, living quarters are somewhat cramped and amusement opportunities are very limited: television, video tape recorder, recreation and exercise room, not to mention the helicopter which brings them mail, food, and other supplies threetimes a week. Yet, after working 12 hours a day, these men are not particularly interested in amusing themselves, but rather in sleeping. Their quarters may be small, but they are spotless. The platform's two crews relieve each other daily so as to maintain around-the-clock operations, 7 days a week. The highly sought-for oil or gas strike may occur at any moment. This very unusual line of work has its very unusual "perks." The men receive special drilling pay and get 2 weeks shore leave for every 2 weeks on board.

When we visited the Glomar, the drilling bit had reached a depth of more than 3,000 meters. This was the figure indicated by readings obtained by the laboratory that continuously monitors the progress of the drilling and checks the content of core samples taken from the bottom of the drill hole. The chances of finding oil are now dwindling. Yet the game is far from over, because the long sought-for oil or gas pocket may lie just a few dozen meters away. In a few days, the huge platform will bring up and stow all of its gear. It will then move to another nearby site where it hopes to find what it did not find here. The crews will take some recreation on terra firma before restarting the whole exploratory process in a basically hostile environment, but one with which they will inevitably have to come to terms.

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VERHOFSTADT ON BUDGET, TAXES, ECONOMIC POLICY

Brussels KNACK in Dutch 17 Mar 82 pp 26-29

[Interview with PVV President Guy Verhofstadt by Johan Struye: "The Imagination of Verhofstadt -- This Is not yet the New Liberalism"; date and place not specified; passages enclosed in slantlines, printed in italics]

[Text] The Flemish liberals cannot feel very comfortable in the Martens V administration. None of their articles of faith can be implemented without stringent amendments. Moreover, within the party and in his own district of Ghent, the new President Verhofstadt, 28 years old, has to move in the formidable shadow of Minister of Finance Willy de Clercq.

Now or never, was the advertisement before 8 November. /Messrs Eyskens and Claes could learn something from every housewife: to respect a budget./ But last week Willy de Clercq accepted the insult of an additional deficit of 52 billion francs. /For 150 billion francs, the Walloons will perhaps learn their first word of Dutch: thank you./ However, it is not the liberals who refused steel investments to Wallonia, but the European Commission. /Four years ago, the socialists promised 100,000 less unemployed; it turned out to be 300,000 more./ It is true that enterprises have received substantial compensations, but not a single employers' organization is willing to guarantee anyone a single job in return.

Question: Now who is right, Paul Goossens or Frans Grootjans? In the socialist DE MORGEN they no longer find any Christian democratic personalism in the neo-liberal aggressiveness of the government policy, whereas it really is not liberal enough for DE NIEUWE GAZET of your predecessor.

Guy Verhofstadt: Today's policy consists of first clearing the rubble left behind by the socialist inspired administrations of the last 4 years. The figures are well known. Unemployment, the balance of payments and public finances show sufficiently that we are on the edge of bankruptcy. Nobody is to blame for this other than the previous administrations. A number of the basic operations come directly from the new radical liberalism. The reduction of corporate taxation, the elimination of the solidarity contribution, and the substantial tax reduction granted to private individuals.

Question: Your posters said: more money for you. A quarter later, however, the population is already tasting the extent of its impoverishment. Hasn't your party now become the prisoner of its slogans?

Verhofstadt: How is it different from the policy conducted in the past? There will be no tax increase at all; on the contrary, the budget policy includes a tax relief of 3.8 billion francs net. Furthermore, the new measures include only two forms of non-budgeted receipts: the solidarity contribution of the public sector which was introduced 2 years ago, and the non-recurring contribution on incomes above 3 million francs. This should produce 1.1 to 1.8 billion francs. In that area, however, the Eyskens administration had hoped to make 21 billion francs. When I add up the total sum, then we have succeeded in rejecting 57.2 billion francs in new taxes and in reducing the tax pressure. For the first time, the budget cuts which are being implemented now are based on accurate data. Former administrations have always worked with an overestimated growth of the GNP, and with an underestimated growth of the unemployment figure. These savings may not yet be the zero budget we are advocating, and which needs one and a half years of preparation, but in all departments they are seriously cutting down on operations. Education, SABENA [National Belgian Airlines], the railroads, the 2.5 billion francs being withdrawn from the cultural sector by Karel Poma.

Question: In the summer you didn't accept the admitted budget deficit of 200 billion francs. However, since your party joined the government, the deficit has already grown by a full one-quarter, to 252 billion francs.

Verhofstadt: If all the measures had been implemented as of the new year, then we would have remained at 200 billion francs. The current budget cut mechanisms give 200 billion francs on a yearly basis. Three-quarters of the social security deficit will now be solved through cuts, and one-quarter through an increase in contributions of 10 billion francs. But if the previous administration would have had to manage this, the working population would have been looking at a 25, a 26, or even a 27 billion franc increase in its contributions. This is where the liberal approach is being felt. As for moderation, these are funds which, through the deceleration of the growth of the purchasing power of the active population, are being invested in the enterprises. That money does /not/ go to the state, and this is the difference from the policy of the past. The latter would have put these amounts in national funds. However, the best way to economic recovery is to leave these amounts in the enterprises themselves. What must be forked out belongs to the government. I am not going to pretend that we don't have trouble with the non-recurring tax on net incomes above 3 million francs. That would be wrong and economically harmful. Neither do we approve of the 10 billion francs in increased contributions to social security. Supplementary contributions would have been better.

Question: It now appears that these budget cuts also affect established principles of the liberals. With the concept of "members of the household," you are pushing women's emancipation as a whole back to the year 1950. This system is definitely not the way to a society in which the individual, the youth and the women, would be encouraged to seek independence.

Verhofstadt: That is a temporary reduction of social benefits which can be missed. Social security is a pot of more than 700 billion francs, which showed a deficit of 40 billion francs this year. The way the system is working now can no longer be supported. There will be a deficit again next year. The whole operation shows that within the next 20 months, we will have to get to work on the liberal demand for a basic reform of social security. We have to start completely back from /zero/. What kind of social system are we going to put at the disposal of the people? Because what we have today can no longer be handled with a dozen funds and regulations.

Question: Do you want to phase out social security completely?

Verhofstadt: The introduction of the negative income tax is an option in time of the PVV [Party for Freedom and Democracy (Flemish)]. Anyone whose income lies above a certain bracket, would pay tax. Anyone below it, would receive a government allowance. Everything must be done in terms of taxation. In such a system, people are encouraged to take out private insurance policies, which are then tax deductible. People then take care of their own social security; they are better able to do this than the bureaucracy. People with insufficient resources could then, depending on their individual needs, receive supplemental allowances for housing, for example, or for lengthy medical treatment. Macro-economically speaking, we have calculated that such a system would not only cost less, but would also provide the necessary clarity. Because you know who pays and who receives. The current system often creates reverse effects, everybody knows that.

Question: Then you will have to eliminate the funds, in order to work only with the treasury and with individuals.

Verhofstadt: What the individual receives will also be adjusted to his individual situation then. It is very possible to evaluate everyone's income in function of specific welfare needs. If we were to go to a system of private education, for example, a credit for education could be granted to those who cannot normally afford the education of their children from their income. The principle is that the money goes to the people in difficulty, without creating any institutions or bureaucracies. Nobody should pretend that he didn't see this included in our program, nor the zero based budget technique either. This means that you don't simply pick up the previous year's budget again, and knock off a given percentage, but that every expense item is looked at starting at zero. Is it justified, and how much do we need for it?

Question: How liberal are your ministers actually? The first cabinet council meeting of the Martens V administration had barely taken place when hundreds of millions of francs were once again flowing to needy enterprises.

Verhofstadt: It is clearly stated in the government declaration that there will be no participation in enterprises where no participation exists, and that capital increases will be carried out only for one /last/ time, under strict conditions. The fact that for the time being Herman De Croo is able to economize at SABENA and the railroads only through what he has been asked to /earn/, doesn't mean that we have already introduced the principle of profits into the public enterprises. I don't understand the enormous

relations, because for me this is self-evident. What is social about SABENA? On the contrary, that is a socially regressive institution. All income brackets pay for SABENA, and most of all the large number of low and middle incomes, who produce the major part of the taxes. And it is precisely those people, who make use of SABENA at most once a year, who are being asked to maintain the whole works.

Question: All kinds of things could be said about the current administration, except that it is not governing. Measures are falling like axes. But you must certainly get cold sweat on your back because of the hurricane which is blowing in.

Verhofstadt: I have no doubt that all groups in both parts of the country are aware that the balance /must/ be restored. There will be marches on Brussels, but if the government pursues its policy consistently, then it really will be able to count on a majority.

Question: But will your government partner remain equally cool? The demonstrations are getting more violent by the week. The picture of the state policeman swinging his horse to death went all over the whole world. The franc suffers from that.

Verhofstadt: As a matter of fact, we have noticed that our partner is still very shy in coming forward with the new policy.

Question: In the emergency, the CVP [Social Christian Party (Flemish)] has now entered the terrain which PS [Socialist Party (Walloon)] President Spilliaers had defined in November, and which was the only point on which he was willing to negotiate. However, as far as the regionalization of the national economy is concerned, a consensus isn't even conceivable relative to the method of partition: by grants or based on the resources of the regions.

Verhofstadt: The regionalization of the sectors, which we also advocate, also means liberalization. As a matter of fact, such a regionalization fits in with the spirit of the 1980 state reform. At that time already, it was provided that this could be implemented by simple royal decree upon agreement by the executive bodies. Besides, the national sectors represent no more than 1% of workers out of an active population of 3.5 million. The country will really not fall apart because of it.

Question: But it was not included in the government declaration. You did not come out of the night at Val Duchesse with that regionalization, but suddenly you do. It appears that the CVP is once again making its familiar turn in the middle of the stream.

Verhofstadt: During the 4 or 5 years that the previous administrations did not solve the package, they simply let it rot. With its criticism of the plan of 1 May, the European Commission handed Willy Claes a label of incompetence. All the intergovernmental agreements were wrong, all the projections. For us this government is now making a first attempt to develop a new policy. Perhaps the most probable solution lies in the regionalization of the sectors. The fact that the financial companies will be merged was the first step.

Question: If the PVV had supported the Detiege bill, the abortion problem might have been settled in the only way possible in Belgium. Abortion itself is no longer a problem for anyone, only the threat of an always possible criminal prosecution. This could have been suspended from year to year, as was done in the past with the rent law, while nobody has to make a decision on the basics.

Verhofstadt: As far as we are concerned, every member of parliament should vote according to his own conscience on this issue. You have a conflict between two rights here, which should produce an ethical compromise. From this point of view, I don't consider the suspension of criminal prosecution a solution. People will definitely not be put in jail as a result of the trials in progress, but it is wrong that flags are being raised again. Within months a basic solution, for which a majority exists, will undoubtedly be found. This does not necessarily have to be the same majority as the coalition.

Question: One of your slogans which is so long in being realized, is the breaking of the monopoly in broadcasting. With the current pollution of the airwaves, the picture has definitely not become any prettier or any clearer.

Verhofstadt: There is a draft decree now from the Flemish government, which will come before the Flemish Council next month. With regard to Freddy Willockx's royal decree, the allowable range for private radio stations will definitely become wider than 5 kilometers. Municipalities and groups of neighboring municipalities will be able to be covered as a whole. There will soon be a situation whereby the election promise will have been redeemed.

Question: But those private radio stations will not be allowed to do anything: no advertising, no politics, no information.

Verhofstadt: The decree will entail very few obligations. Actually, the fewer, the better. Why should politicians worry about the quality of what is being broadcast privately? There will be greater freedom, and even a certain degree of order. As a matter of fact, for me absolute freedom remains the best option. Organization always grows out of chaos. But it is not with a regulation for the private radio stations alone that the monopoly will be broken. Something also must be done in the area of television to implement the government agreement. Our position is a further extension of the broadcasting organizations, and the establishment of a second commercial transmitter.

Question: However, there is no trace of income from broadcast advertising in the adjusted budget.

Verhofstadt: On the contrary, and that was not intended either. As far as we are concerned, neither the treasury nor the BRT [Belgian Radio and Television -- Dutch Service] should collect the income from advertising through broadcasting. This would only strengthen the monopoly. With the financing of advertising, a new entity should be set up. And with a commercial transmitter in addition to the state transmitter, the matter will not be resolved yet either. Actually, the facts are outrunning conservatism, for anyone who wants to develop regulations to protect his establishment. The new technology promotes a generalized freedom. All factions will be able to make their bid

only within the framework of a fully generalized liberalization. I also want to hear Trotskyite radio stations in Flanders.

Question: For its actual operation as government, the state spends nearly 100 billion francs, but nearly double for the relief of all kinds of economic and cultural needs. If you don't want the state to spend more than it receives in cash, and on top of that you want to reduce its receipts in favor of private individuals, then you actually would like to limit the state to the government function: police, embassies, judges, a little infrastructure. It is something new for your party also to take a stand now against public education.

Verhofstadt: We must once again work with /imagination/. New formulas for everything, that will be the major debate in the coming years. If the parents themselves organize the schools, the child care centers and other public services, then the people are picking up a public service on a voluntary basis. It is better to make their efforts in this respect tax deductible than to allow self-inflating bureaucracies to develop. With the unlimited social sector we are now supporting, we definitely don't feel spoiled in exchange for the effort of our payments. After all, everybody knows people who have to make do with a pittance by way of pension. Either we stick with that bureaucracy which we cannot even afford any longer, with its very small results, or else we let the imagination of the new liberalism get to work. Instead of large enterprise prizes we might do better to designate /enterprise zones/, a kind of capitalist free port spread here and there over the territory, where investment would be exempt from a number of points in the regulations, from corporate taxation for example. This way you could create thousands of jobs.

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VAN MIERT ON TRADE UNION RELATIONS, REGIONALIZATION

Brussels LE SOIR in French 23 Mar 82 p 2

[Interview with Karel van Miert, president of the Flemish Socialist Party, at the Free University of Brussels, by Yvon Toussaint, with C.-Louis Binnemans, Guy Depas, Luc Vandendriessche and Jacques van Solinge: "Van Miert: Regionalization of the Five Sectors? A Fool's Game!"; date not specified]

[Text] Leaving behind the traditional paths and... the "English salon," in which they usually meet political personalities, the reporters from LE SOIR went to an auditorium of the School of Philosophy and Letters at the Free University of Brussels, to continue its series of interviews there. And it was before second year journalism and social communications students that they interviewed the president of the SP [Socialist Party (Flemish)], Karel van Miert.

Why did they choose the head of a party which, in the eyes of many French speakers, has remained relatively reserved since its return to the opposition? Unlike their French speaking "comrades" of the PS [Socialist Party (Walloon)] who can make use -- if not abuse -- of their position as first party of the French community and of the Walloon region, since the elections of 8 November the Flemish socialists are now only the third political force in their community. It is also clear how much, during the previous legislative session, the SP was able to center its strategy around key positions it held within the central government. And today, it has been denied this political means of expression. All the more so as the two socialist representatives within the Flemish executive body are put very much in a minority position by the Christian-liberal coalition.

This not very comfortable situation undoubtedly explains -- if only partly -- the cautiousness of the remarks Karel van Miert made to us.

[Question] For the last 2 months, the country has been in the middle of a social turmoil. Some people accuse the PS of using the FGFB [General Federation of Labor of Belgium] as a lever for its opposition to the government po-

they. There is nothing like this in Flanders. What are the current relations between the SP and the FGTB?

[Answer] There is complete autonomy. The executive committee of the FGTB is made up of trade unionists. And if the FGTB is in fact represented on the executive committee of the SP, it is a result of historical elements. As a consultative member only. Of course, there are some rapprochements between politicians and socialist unionists, and a few SP members of parliament have come from union circles. But a single person cannot hold the two responsibilities concurrently.

Conversely, the situation is basically different in Wallonia. There, the Socialist Party and the interregional Walloon branch of the FGTB are in a majority position respectively, and their relations go further than simple contacts.

Temperament of Flemish Workers

[Question] Is this due to the fact that in Flanders it is the all powerful ACV [Confederation of Christian Trade Unions (Flemish)] which leads the operation?

[Answer] Unquestionably. The Christian union has a two-thirds majority there. When the FGTB wants to launch an action there, it is immediately faced with an enormous problem of effectiveness.

[Question] Isn't it increasingly obvious that to organize union actions in Flanders is becoming very difficult? And that there is a basic difference of behavior between Flemish and Walloon workers?

[Answer] That is true. First of all, a structural difference: in Flanders, the majority union organization supports the government coalition. Whereas in Wallonia this is not at all the case, and an action by the FGTB alone brings out the Christian activists much more easily there.

Also a difference in mentality. Even though union unanimity with regard to government policy is increasingly pronounced, there is a question of temperament characteristic of Flemish workers which is the reason why it remains extremely difficult to start actions there.

[Question] "Party of the workers," how do you expect to make the government possibly step back then?

[Answer] The union position is aimed primarily at opposing the political line of the government and at changing it. The ACV always hopes for a softening of that policy.

From a political point of view, what should -- what can -- parties do when faced with the formula of special powers? The members of parliament currently have the feeling that they are wasting their time. The initiative is more on the street than within the framework of the traditional political responsibilities. The currently prevailing social climate is largely due to this blockage caused by the special powers.

[Question] The implementation of these special powers includes changes in the system of wage indexing. What do you, who stated during the previous administration that you were ready to discuss this link, think about this?

[Answer] Let us remain coherent. When we were in the government, we stated clearly that we were willing to discuss the system, not the principle. Our method was "by category," not "linear" (inclusive): only the highest wages should be affected. Not the low wages. Not the middle income wages, as the government is doing today by hitting incomes above 21,000 francs net.

Those wage earners do not have the opportunity to speculate. All they are asking, is to live decently. Conversely, those who earn more than 10 million francs would be incompetent if they were not able to make an extra 15 percent on this.

[Question] How about relations between the PS and the SP?

[Answer] There too, there is complete autonomy. There are common discussions, but the divergences appear as soon as one touches on the community problems, the favorite issue of the PS during the last elections. This is completely within the rights of the French speaking party, as we constitute two distinct parties. But our common ground is becoming increasingly narrow.

Five Sectors? Hypocrisy

[Question] Aside from the community parties, the PS and the CVP [Social Christian Party (Flemish)] have taken a stand in favor of the regionalization of the five national industrial sectors. Without enthusiasm, and with varying nuances, the PSC [Social Christian Party (Walloon)] and the liberals are ready to debate the problem. On the other hand, Willy Claes has taken a decidedly hostile position in the name of the SP. How do you justify that attitude?

[Answer] We are in favor of starting discussions on a widening of the autonomy of the communities and of the regions. The state reform of August 1980 has created an ambiguous, inefficient and incomplete structure. It is abnormal for the new institutions to function on the basis of grants and not to have their own financial responsibility. It is also abnormal that there are so many blocking mechanisms.

Above all, it is important to be clear about the financing. At the present time we are playing a fool's game, we are living in a hypocritical situation because the divergences between the manner in which the Flemish and the Walloons, and even the Walloons and the inhabitants of Brussels approach the question are too great.

Furthermore, it is important to draw up a precise inventory of the debts of the past. We must also ensure a transition which is as painless as possible, and, in spite of everything, maintain mechanisms of national solidarity.

[Question] Hence the regionalization of the five sectors is not for tomorrow?

[Answer] It will in any case require patient preparation.

Question Does the SP accept the opening of a new 11 billion franc package, over a period of 4 years, for the benefit of Zeebrugge while the national character of such large projects is increasingly being challenged? Does it also accept an increase in the appropriations necessary to save Cockerill-Sambre?

Answer You can certainly not accuse the SP and Willy Claes of not having made great efforts to develop prospects for the future in favor of the Walloon steel industry. But the issue has been dragging on too long.

If we want to regionalize the steel industry, it will have to be done soon. If the sector remains national, we must save the bulk of the Walloon steel industry at the same time as one of our last energy resources, specifically the coal mines in Campine.

As for the infrastructure projects, even in federal states they fall under the authority of the national government. Personally, I am not an advocate of a divorce within the Belgian state.

Question Isn't this due to the fact that you are afraid that, for a long time to come, you will remain in the minority within a clerical, conservative and reactionary Flanders?

Answer This fear does exist within our ranks, but in my opinion it indicates a point of view which is too defensive. You can give the best of yourself only by accepting challenges. Even in the current political context, there is a large progressive and modern current in Flanders. It is up to us to exploit it. All the more so as the PS has developed its own policy without taking the particular situation of the SP into account. Consequently, we have no other choice. Besides, why would Flanders be an exception in Europe and not offer any future prospects for democratic socialism?

Price Control

Question While they were opposed to a change in the exchange value of the franc, numerous personalities -- among which Messrs Spitaels, Debunne, Heuts, etcetera -- have said that now that the devaluation has become effective, it must succeed. What do you think about this?

Answer The circumstances which have surrounded the announcement of the devaluation can only encourage speculators to continue their maneuvers. They declared they were asking for 12 percent, and they obtained 8.5 percent. Hence, the speculators are continuing to play against the franc, hoping that the remaining 3 or 4 percent will soon follow.

However, I am very much afraid that the government will not succeed in controlling prices. Three hundred cases concerning price increases have already been announced. At first sight, this might seem normal on the morrow of the devaluation as the country's livelihood depends largely on its imports. But it is obvious that numerous companies are wrongfully trying to take advantage of the situation. Thus, you run the risk of shortly triggering a process of a chain of devaluations.

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STEEL, MACHINERY, AUTO COMPANIES RESUME TRADE WITH IRAN

Hamburg DER SPIEGEL in German 5 Apr 82 pp 182-185

[Text] Three years after the revolution the West Germans are successfully resuming trade with the Iranians.

It was the way things were when the Shah was alive. Wherever the high-ranking Persians appeared, they were courted as the emissaries of Reza Pahlavi once were.

For 3 days Khomeyni's negotiators travelled back and forth across the Ruhr-- from one steel company to another, to Thyssen and Hoesch, to Krupp and Kloeckner. A substantial contract was at stake. Iran, whose rulers for a long time avoided any contact with Western banks and companies, now wants to buy steel for DM 1.5 billion. It would be a warm rain for the crisis-ridden German steel mills.

The trade officials from Tehran had scarcely departed when another highly placed Persian arrived in the Ruhr. He had also brought an unusual offer with him. The head of Tehran's currency issuing bank, Mohsen Nurbaksh, was offering oil at special prices to the energy concern Veba.

In a meeting with the head of Veba, Rudolf von Bennigsen-Foerder, in the Villa Huegel in Essen, Nurbaksh promised that Iran was ready for long-term delivery contracts. The German oil manager and the Iranian, whose country holds 25 percent of Krupp's stock, agreed while sitting in on a meeting of Krupp's supervisory board that negotiations on the subject of oil should begin soon concerning conditions.

Delegations from Tehran are currently negotiating with a number of German companies in many branches of industry, just as they are doing with Veba and the steel leaders in the Ruhr. The mullahs' regime is gradually trying to begin business dealings with Western companies, but principally with German firms.

"We want to concentrate completely on building up our economy and improving the living standard of our population," was how bank director Nurbaksh explained the attempt at an economic rapprochement with the West.

It is urgently needed. The war with neighboring Iraq, the power struggle among the mullahs and the trade boycott by the West after the taking of the American hostages have so drained Iran that without its oil deposits not even the most necessary food imports could be paid for.

Since Western experts had to leave the country, most of the factories built by Europeans and Americans have been standing idle. Spare parts are unobtainable everywhere. As far as possible, they are obtained from Eastern bloc countries, along with many food items--in exchange for oil shipments, since hard currency is unavailable.

The regime in Tehran does not want the ties to Eastern bloc countries to become any closer. New contracts are to be awarded once more in greater numbers to the West. Khomeyni's representative in Bonn credits the social-liberal government with the fact that industry in the FRG in particular will profit from this move. "Relationships with the FRG," ambassador Mohamad-Mehdi Navab-Motlagh explained, "did not cool as much as with many other European countries, for example, France and Great Britain."

The West Germans will supply mostly machinery and plant. The Babcock company in Oberhausen has the best chance for new contracts. As one of few Western companies, the plant constructor was allowed to continue supplying Tehran, even after the Ayatollah assumed office. The company, in which Iran has held 25 percent of the shares since 1975, is now equipping four power stations in the north of the country with boilers and machinery. Discussions are being held about additional projects.

Krupp can also be helpful. The Essen company is supplying plant to the value of about DM 120 million for a copper electrolysis factory in Sarcheshmeh.

The Heitkamp construction company in Herne has enough work in the country for a long time. In Tehran it is involved in the construction of a 20-kilometer long canal. Another company from the Ruhr, Ruhrkohle AG in Essen, was given a major contract a few weeks ago. The second Persian blast furnace, which has just begun operation, will be fired with about 400,000 tons of coke from the Ruhr.

Executives from Daimler-Benz have been negotiating for weeks about the expansion of the assembly plant in Tabriz. The Iranian Mercedes truck is currently being assembled from parts that come from Germany. Only engines and bodies are manufactured locally. In the future, the trucks with the star are to be manufactured completely in Iran. The strategy behind it is for Iran to make itself as independent as possible from deliveries from abroad.

Economic relations between the Persians and the West Germans are not as totally smooth as they appear to be. The nationalizations resulting from the mullahs' revolution are not the least of the causes.

Among the victims of nationalization are the German chemical companies Bayer, Schering, Merck and Hoechst. Tehran accuses them of having made excessive profits and avoiding substantial taxes through bookkeeping tricks. The parent

companies are said to have sold basic ingredients for drugs to their subsidiaries in Tehran at inflated prices. In this way, profits were kept very low. Bayer even showed losses in Persia.

In spite of quarrels like this, the once active business dealings between Persians and West Germans had never completely died out. In 1981 the Germans again shipped goods valued at DM 3.7 billion to Persia, more than half of what was sold to the Persians in the record year 1978.

By contrast, Iran did not sell much in Germany. The FRG took a total of only 1.5 million tons of crude oil in 1981 from its once most important supplier. In 1976, however, it was more than 19 million tons, a full 19 percent of the crude oil imported by the West Germans.

Because of the worldwide oversupply, von Bennigsen-Foerder of Veba is also not exactly eager for oil from the Persian Gulf. The petroleum executives from Tehran are therefore enticing the company manager with the lowest possible prices and the offer to exchange Persian oil for German machinery.

In the Iranian proposal, the oil monies would be assessed through a clearing house in exchange for the delivery of German goods. This complicated procedure is necessary because Bonn no longer provides security against losses to West German exporters to Persia. The government withdrew these guarantees in February 1980, when payments due from Iran began to appear doubtful. So the state no longer reimburses losses in the event of nonpayment in new export deals. Since then the companies have been insisting on payment in cash in trade with Persia.

One of the recent transactions was closed in this way. Iranian agricultural officials bought 3,500 milch cows in the FRG shortly before Christmas, another 20,000 are to be delivered during the year--for cash.

9581

CSO: 3103/405

METHOD OF NEGOTIATING 39 HOUR WEEK SEEN AS CAUSE OF UNEASE

Paris L'EXPANSION in French 5-18 Mar 82 pp 56-59

[Article by Claude Barjonet : "The Fevered 39 Hours"]

[Text] The 39-hour workweek has produced two winners--
productivity and social dialogue--and one loser, employment.

It is 2 February 1982. The law on the 39-hour week has been in effect since yesterday, but the 1,800 employees at Alsthom-Le Bourget see their work schedule decrease only from 40-1/2 hours to 40 hours per week. The CGT-CFDT immediately calls a strike. The goals are to obtain 5 weeks' vacation and 39 hours per week paid on the basis of 40.

On Thursday the 4th at 1500 hours, the firm's director, Jean-Claude Watrin, begins negotiations in front of 1,100 strikers gathered in the cafeteria. At 2130 hours, an agreement is reached and immediately committed to paper. In particular, it says that the fifth week of vacation will apply as of this year. An appointment is made to sign a clean-typed text the next morning.

On Friday the 5th--disappointment. In the draft agreement, certain advantages which had been won are challenged. The unions refuse to sign.

On the morning of Monday the 8th, there is a dramatic turn of events. Jean-Claude Watrin has asked to be relieved of his duties. A new director arrives from Belfort to replace him. The unions' explanation is that the Alsthom firm disclaimed the Le Bourget director because he had granted the fifth week without any concessions by the workers.

Several days go by, marked by daily disruptions and strikes. Everyone is waiting for the outcome of the very important meeting on 16 February between the unions and the Union of Metal and Mining Industries (UIMM), the employers' group to which Alsthom belongs.

Miracle! On the 16th, after 8 hours of substantive negotiations, the mining sections of the CFDT, the CGC [General Confederation of Managerial Personnel] and the FO [Workers' Force] agree with the UIMM, especially as regards the

39 hours paid at the rate of 40. The next day at Le Bourget, the staff vote to resume work. The metal industry agreement voided most of the causes of conflict at Alsthom. However, it remains to be seen what will survive of the CGT-CFDT cooperation at Le Bourget, since the CGT's metals section denounced the agreement signed by the CFDT with the UIMM.

This story is typical of the confusion which has surrounded the entire 39 hour issue. It illustrates the major symptoms which have caused the social fever to rise, such as partial salary compensation or the annulment of advantages already granted. It is also typical in the way the conflict was concluded as soon as an agreement in the professional branch established a framework for on-site negotiations. Also typical was this fever--the first since the elections on 10 May 1981--which has seized the world of labor. Throughout the month of February there was a very high turnover of strikes, some lasting only a day or two. The minister of labor, however, recorded a decrease from the middle of February. Was this fever merely a pimple which disappeared as quickly as it had appeared?

No. The striker who accidentally died at Clichy, the Besnier "camembert commando" at Isigny, the judicial battle between the CNPF [National Council of French Employers] and the administration over the fifth week of vacation, the union discord which has exploded in the media and, above all, the President of the Republic disclaiming his minister of labor over income sharing--all of these facts show that something deep down has given way in French society with the end of the 40-hour era. What do these rumblings foreshadow? And how can we avoid repeating them in the next stages as we approach the 35-hour week?

The administration is undoubtedly the one that hit the most wrong notes while playing its part. Not so much because it acted by statute and not decrees ("We preferred to negotiate the reduction of the workweek with the unions and employers rather than with the old men in the Assembly" was heard in the corridors of power), but because it was pursuing two goals simultaneously--the fight against unemployment, and social progress. Unfortunately, these two projects contradict one another.

For many years, gains in productivity have been divided between capital, investment, and the worker. Now the administration has invited someone else to share the cake--the unemployed. In order to give him his share, the worker must accept a decrease in his work and his income. This is a formidable bet, and it has disoriented the unions somewhat. "The people aren't going along," said Andre Bergeron of the Workers' Force. "If you ask someone who makes 4,000 francs a month to work 1 hour less each week and lose 100 francs each month, or to work and make the same as before, he will choose the second solution." The CFDT itself, which is in favor of job and income sharing, admits that the idea is not going over. "France has more than 2 million unemployed, but society is now aware of it. It acts as if there were only 500,000."

So much for the first goal, already hard enough to get accepted by those who have a job. The administration has had a double dose of bad luck, because the second goal--classic social progress, such as the 40 hours of 1936--has torn to shreds the few inclinations for solidarity between the workers and the unemployed. Why? It's simple: the average worker voted for the Left but has seen nothing change in his daily life since 10 May. As the cantonal elections approach (the PCF will not be confronting the PS until the second round), the CGT has taken over by saying to employees: "Look at this leftwing government that gives you nothing." Francois Mitterrand, already signed by the results of the parliamentary byelections, thought at the time that he had cleared the field on 10 May by stating to his cabinet that not one worker should fear for his purchasing power.

From now on, employment will be the big loser as this statute is applied, even if, as it is hoped, the reduction in the maximum workweek to 48 hours and the cutback in some overtime hours create several tens of thousands of jobs. Even if seven professional branches have agreed not to wholly remunerate the 39th hours. And even if several business agreements anticipate hirings, like at SFENA [French Company for Air Navigation Equipment], where 160 of 220 temporary workers have been hired permanently.

Out in the firms, the 39 hour fever arose less from the discordance of administration goals than from the way that was chosen to reduce work time--negotiation. There have been no losers there, but two winners: social dialogue and productivity. And this has all happened in very diverse settings, according to the business branches and firms. (The statute reduced the legal workweek, not the actual workweek.)

Social dialogue has made great strides. Of course, there have been some spectacular failures, like in the customs service, or at Claas in Saint-Remy, in the Moselle region. Claas' 650 employees had been paid for 40 hours, which included 1-1/4 hours of break, as called for in their collective bargaining agreement. What did management do to apply the new statute? It abolished the break time in order to adhere to the 39 hour rule without spending any money and without changing the schedule. As a result, there was a sit-in strike by 600 persons, and negotiations were entrusted to the work inspector, who was asked to mediate.

Regardless, things have gone rather well on the whole. Since the agreement of last 17 July between the CNPF, CFDT, FO and CGC--which is the real keystone of the statute--thousands of meetings have been held in industrial branches and firms. Not all have had results, far from it, but the CNPF as well as the unions recognize that "at least, we have been talking," and this is also true in some branches where advocates on both sides of the question were meeting for the first time. Besides, it was to the advantage of both sides to sign, because most of the benefits called for in the statute--such as the reduction in the amount of overtime at the employer's discretion or night work for women--are modified by collective bargaining agreements.

An example of successful dialog can be seen in Peugeot, a firm which the unions long ago denounced for its refusal to negotiate. The agreement that was reached included a fifth week of vacation without abolishing vacations based on length of service, 39 hours with the 40th hour remunerated at an average of 75 percent, and, for management, the possibility of calling for overtime on Saturday if needed. This "bad agreement," according to the CGT, which did not sign, is of great importance for the CFDT, because it states that the organization of work from now on must be discussed with union representatives. This had never been seen before at Peugeot.

Another example of successful dialog is the Motta ice cream factory in Argentan, in the Orne region. Management was hoping to apply the statutes so as to vary the workload according to the seasons and thereby better respond to demand. It proposed to the unions to stay open 34 hours per week in winter and 44 hours in summer. The staff reacted by demanding 39 hours year-round, paid at the rate of 40, and there was a sit-in strike starting 26 January. After a court hearing and the mediation of the work inspector, the conflict ended on 15 February. The agreement reached calls for working 40 hours over 5 days for 45 weeks, and 32 hours over 4 days the rest of the year, starting next 27 September. In addition, a committee to improve work conditions was created and will meet every other month.

A lot of firms will probably find a way to make production run better in order to keep up with an influx of orders, like Peugeot, or to produce more when clients are eating ice cream, like Motta. There are a number of solutions, because each firm has its own needs. IBM, looking ahead to the 35-hour week, is thinking of considering an annual, not a monthly, work schedule so as to encourage more continuous use of equipment. The same is true at Renault: a study in 1979 on the consequences of a 36-hour schedule, with two shifts working 9 hours per day and having 3 days off, concluded that there would be almost no additional cost.

A Rich Palette of Intermediate Solutions

Some other examples of how this infamous 40th hour is being scheduled illustrate this growing diversity in the world of work.

The first typical case: Continue as before. This is what is happening especially in highway transportation, where last fall's discussions resulted in nothing because positions were so rigid. Quite simply, overtime hours will now begin at the 40th hour.

The second case, rather invidious: The 60 minutes of the 40th hour are divided by 1.25 (because overtime is paid at a rate of 25 percent above the normal rate). This gives 48 minutes; the weekly schedule is then reduced to 39 hours 48 minutes paid at the rate for 40. Sometimes the employees agree, or, like at Vitos in Chaumont, they state a sit-in strike.

The third possible case, which is quite common: 12 minutes per day are taken away, often at the expense of the coffee break. Finally, there is the solution which is generally used in the service sector, which is to quit working 1 hour earlier on Friday afternoon; this eventually will lead to a week of 2-1/2 Sundays.

Of course, you can find a very rich palette of intermediate solutions, often depending on the head of the department, but it is the last typical case (a shorter Friday) which affects professional personnel the most. "Until now," said Pierre Vanlerenberghe, general secretary of the professionals of the CFDT, "half of the professional personnel followed the reductions in work time, although lagging somewhat behind. The other half continued to work 45-48 hours per week. We think that 80 percent of the professionals can reduce their work time if flexible solutions, such as accumulating this time as sabbatical leave, can be found." Or if, when they cannot reach any clients on Friday, professionals adapt more and more to everyone else's schedule!

What will happen in the next stages? A euphoric hypothesis sees the difficulties being ironed out. By next year the tensions linked to the fifth week of vacation will no longer be a factor. In several branches and firms where there has been an agreement, the 38-hour week has already been traced in. At Tecalemit in Blois, for example, the 38-hour week will begin next 1 January. The 1982 negotiations will be used as a precedent; the procedure has already been broken in.

But on the other hand, it could be feared that the works--for the 38th hour, the 37th hour?--may get jammed, for example on the important issue of complete salary compensation. As we have seen, this has been won for the 39th hour because of the closeness of the cantonal elections. The administration has confirmed that other steps will not be wholly compensated, but municipal elections are already looming on the horizon.

Breaking the Yoke of Uniform Schedules

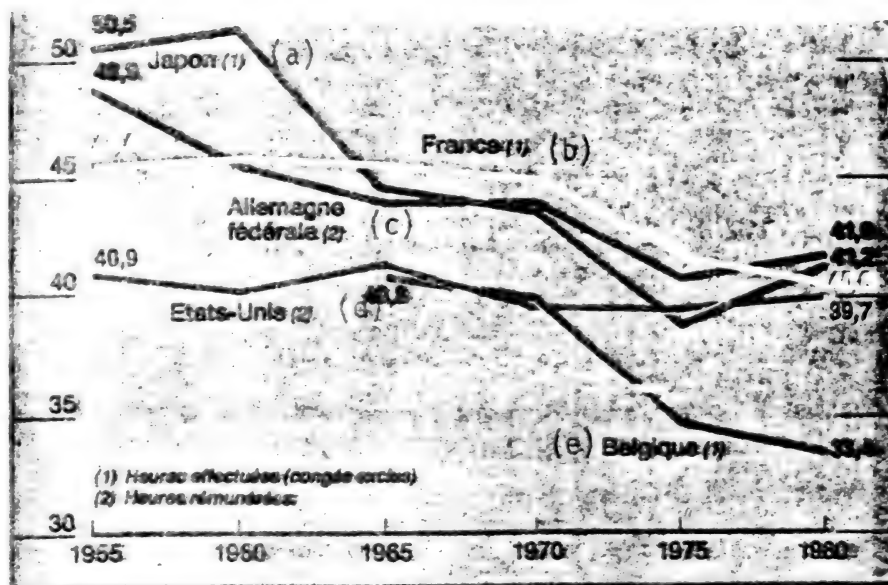
New paths must be explored besides the statute-negotiation sequence which results in a uniform workweek for all. An interesting idea in this vein was presented during the preparatory work for the VIIth Plan: that of a large-scale increase (as in some foreign countries) in part-time work.

In brief, it would involve breaking the yoke of uniform schedules by encouraging (through premiums which the state would administer) those workers who want to do so to reduce their schedule voluntarily. This would result in an average reduction of the legal workweek, stemming from an agreed-upon sharing of work and income on an individual and contractual basis. This is also Jean Auroux's cherished idea of "chosen time."

Such a reform would obviously upset several traditions, union ones mostly, and would cause significant organizational problems in firms. But it is one possible solution, and possibly the only one, to the increasing gap

between human "time" and machine "time." Since the economic objective is to have the latter work as much as possible, and the social objective is to have the former work a little bit less, flexibility must be introduced somewhere so that the system does not crumble. This is a good question to include on the agenda of upcoming negotiations--since it was not brought up this time.

THE EFFECT OF SOCIAL PROGRESS AND OF THE CRISIS
Length of workweek
(Manufacturing industries)



Three significant facts: the relative stability in France and the United States, due to longstanding union activity; the gradual alignment of Japan and Germany; since 1975, the influence of the economic environment--crisis, then recovery for some.

KEY: a) Japan; b) France; c) FRG; d) United States; e) Belgium

1) Hours worked (excluding vacation)

2) Hours paid

9721

(SO: 31-00/V-1)

SAUVY EXAMINES ATTITUDES ON, SOLUTION FOR UNEMPLOYMENT

Paris L'EXPANSION in French 5-18 Mar 82 pp 123, 125

[Article by Alfred Sauvy: "The Human Deposit"]

[Text] As far as employment--or, more precisely, unemployment--goes, everything looks somber. In the first place, the problem itself; then, the diagnosis; the understanding of it, of course; the sadly logical detour toward what is called working on the sly; and, probably, since all the tolerable or agreeable means have already been used, the remedies themselves are, a priori, somber in color.

We should first note (or, rather, get it into our heads) that available work is unlimited because unmet needs, judged only by demand, are so intense. In addition, as far as public needs go, we know that not a single sector is saturated. Whether it be lodging, town planning, land planning, environment, forestry, teaching, tourism, agriculture, transportation, ports, research, etc., there are innumerable tasks there, at least for the foreseeable future--a future which, according to the laws of physics, recedes as we approach. If we now ask the administration, "Why don't you set the 2 million unfortunates 'deprived of work' onto these tasks?" it will give the nice classical response: "Lack of resources." That is the issue which is cited everywhere else.

Writers who have noted an inverse relation between salary and employment (Rueff, Phillips, etc.) have been understood but looked at suspiciously. Their judgment is tainted. Not one, it can be certain, has dared to propose his views before a popular tribunal. So sensitive is opinion, even nonsalaried opinion, to any observation touching on wages (we are still imbued with 19th century remorse) that it is barely possible to risk presenting some simple hypotheses here. They would quickly be construed as proposals and would be victims of the public clamor. Despite this, the need to see and to know does not disappear. So we will try.

In the public sector it is clear in any case that if you have a certain amount of credit, the number of individuals you can employ is inversely related to the salary of each. But this simple arithmetical fact already smells somewhat fishy. If we turn to the private sector, we come up against the wall of profits, but we would like to pursue our discussion. So, for the moment, let's be satisfied with an illustration. In the large social island, any lowering of the water level (the salaries) increases the exposed land area (employment) but at the same time increases the height of each point (profit) and

especially that of the summits (big profits). Inversely, raising the level inundates the coastal, or marginal, regions. For quite a while, but especially for the last century, the capitalist countries--now helped, if we may say so, by Yugoslavia--have stumbled on this question. Who hasn't thought of lopping off the heights of this uneven island? However, the difficulties have increased even more with the interdependence of nations.

There is more. According to an attractive and popular view--held even in advanced circles--you must have sufficient profits in order to invest. This was the idea of Raymond Barre in particular. However, no one knows at what degree of profit investment begins. Some time ago, a well-known individual (Jean Auroux, I believe) proposed a 5 percent tax on civil servants (who are protected from unemployment) to be used to help the unemployed, who would then become workers. Temporarily put aside by Pierre Mauroy, this suggestion will come back someday, better dressed. As far as I know, no one has calculated the cost of this operation, so I will attempt a vague estimate: from the 1 million people affected by the tax, the Treasury would collect the equivalent of 50,000 salaries which when added to the unemployment subsidy (which is presumed to equal half the salary), would result in the employment of 100,000 individuals. It remains to be seen who would be considered a "civil servant" or an employee with a "sure job." In any case, this operation would result in more than the arithmetic suggests. If the 21 million employed Frenchmen then realized that they would benefit from supporting this sacrifice of 5 percent, full employment would be reached and more, and along with this the full production of wealth.

At this point it seems a bit sad, if not grim, to tell ourselves that a slight sacrifice in order to reduce the pressure, which would leave salaries and living standards significantly above the initial level (1974, year of the oil crisis), would result in a quick resumption of full production and would later significantly surpass present wages. In other words, it would mean a large-scale investment, in the full sense of the word, which instead of exploiting a copper mine or petroleum would exploit, in the best sense of the word, a human deposit.

All of this does not even deserve to be called a calculation and, for the moment, can be treated as a simple dream. We must, however, continuously look at our problem, examine it in depth, and attack the hydra's head instead of dodging its blows, as current wonderful ideas would have us do. Discussion of those ideas should also include the unions, which are so inflexible, and should have specialists in the higher vertebrates remind them that an animal is considered intelligent when it knows how to make a detour. A difficult task? In the case in point, the only grim attitude is resignation.

1/26
CS: 1100/171

EFFECTS OF WEALTH TAX ON INVESTMENT, PRODUCTION VIEWED

Paris L'USINE NOUVELLE in French 8 Apr 82 pp 60-61

[Article by Eric Lecourt: "The Wealth Tax: What Awaits Employers"]

[Text] While everything is clear as far as the administration is concerned, evaluation of production assets still seems to be subject to a lot of interpretations as far as business executives are concerned. A headache and battles with the experts ahead. And everything has to be turned in by 15 October.

It is going to be published and it could well become the best seller — a really austere one — of the summer. Nearly 300,000 taxpayers are in fact waiting for the administrative memorandum on the application of the wealth tax, which has already acquired its three... letters of nobility: IGF [wealth tax]. Presenting the provisions of this new tax, this over-200-page document should, after a number of delays, be published in early May.

Consulted by the Budget Ministry on the tentative draft of the memorandum, certified public accountants, notaries and legal and tax consultants were surprised. The administrative memorandum is much more flexible than the law passed by Parliament. The Rue de Rivoli has tempered the zeal of the Palais Bourbon by wording the memorandum in a restrained and cautious way. Nevertheless, the IGF now exists and it particularly affects the industrial plant. "Executives and shareholders will have to get used to living with this new tax," Jean-Louis de Bernardy, head of the CEGOS [General Commission on Scientific Organization] Department of Transfers, Evaluations, Agreements and Acquisitions, emphasized. The first to be affected because it is they who are being taxed, not their companies, they will have to begin by taking inventory of their private and business assets. If their assets amount to more than 3 million francs (5 million with plant), they will pay the tax.

Simple in principle, things get complicated when a value has to be assigned to each of the assets owned. "The major problem is the criteria for evaluating the properties that make up the assets," Jacques Vigne, chairman and managing director of the European Company for Accounting and Financial Supervision, admitted.

For the administration it is clear: The IGF is subject to inheritance tax, a lumping together largely condemned by the experts and consultants who stress the different nature of these two taxes. "The IGF is a standing tax the basis for the assessment of which will be recalculated annually, whereas the inheritance tax is only imposed once," they unanimously say.

The first property item to bear the expense of this lumping together: business assets.

There is no problem for companies listed on the stock exchange (773 French securities registered in Paris and in the provinces). The 31 December 1981 quotation will be retained. No great problem for those registered unofficially (nearly 570): Their stock exchange value will serve as a basis, providing the market is sufficiently expanded.

For the others (the immense majority), the calculation gets to be trickier. And the administrative memorandum is hardly of much help. Having little to say about the evaluation of industrial plant (only about 10 pages), it is practically silent on unlisted companies. The taxpayer is out of luck!

The determination of the market value of these businesses (transfer value if they have been sold), usually retained by the administration, is not a simple matter. For the Rue de Rivoli experts the value to bear in mind is a combination of the mathematical value (the value of the net asset at the time it was declared), the yield value (capitalization, as the case may be, of the profit, dividend or cash flow) and goodwill.

This last item — "the value of the team, the brand name, the distribution network..." to use the administration's terms — measures the dynamism of the business. But gauging it is chancy nowadays because of the economic situation. For the experts the evaluation must above all take into account the business transfer market and not just stop at a strictly mathematical chain of reasoning. Here again, however, the economic situation complicates the business year. "Profitable businesses will always find buyers; the others...?" Jacques Bravard, director of the evaluation services of the French Legal and Tax Company, worried. "One winds up with an evaluation of nonnegotiable securities," CGPME [General Confederation of Small and Medium-Sized Businesses] tax expert Francois Roux added.

Furthermore, holders of unlisted corporate stock risk being disadvantaged in comparison with those who hold listed stock. In fact, the stock exchange value is often less than the real value of the business. To convince oneself of the fact, one has only to go back a few months to the time when the government established compensation for firms that would be nationalized.

In the formula that was retained, the stock exchange value was only one of the factors taken into account. To avoid this difference in the way they are handled, many small and medium-sized businesses will be tempted to get in through the curb market. "But this is a theoretical form of quotation which the administration does not recognize," Jacques Vigne, who, however, stressed the fact that this way of quoting would constitute the basis of reference, warned.

Another paradox of this new tax: It penalizes companies in trouble. The stockholders of these companies, who are a priori in a poor position to pay the IGF, will have to do so, while those of the high-performance companies, who could pay it, are exempted from it. "There are two kinds of companies," Jean-Louis de Bernardy said, "those that never pay the IGF, or only exceptionally do so, and those that always pay it, or almost always. The first of these are profitable, growing businesses. Their investments are on the average greater than their amortizations and they plow reserve profits back into the business. The second of these are, on the contrary, companies that are stagnant or in trouble." For these, there is little investment, little increase in their own funds and supplementary deductions are impossible.

Even more serious for the future of our corporations: Stockholders run the risk of making investment decisions that will not be solely dictated by industrial or commercial imperatives, but by the consequences they will have on their personal situations as taxpayers. "This leaves the door open to unproductive investments for the simple pleasure of not paying the new tax," this tax consultant commented. Indeed, a number of realistic firms will avoid such behavior fraught with consequences in the face of foreign competition.

Make an Appraisal Before Writing Up the Declaration

Nevertheless, stockholders will naturally be tempted by the reduction in the IGF assessment basis. Any hasty or short-sighted argument should be ruled out. In particular one that would consist of undervaluing the stock. In the event of some future transaction, the company would be caught in its own trap. Traps that lead certified public accountants to warn stockholders: "Have an appraisal made before writing up your declaration," Jacques Vigne inveighs.

The administration, which will in June publish (see below) a memorandum summarizing the different possible methods of evaluating, will leave the choice up to the taxpayer. "The individual who is liable will retain control over his evaluation," the Rue de Rivoli specified.

This is tantamount to saying that, in the event of a dispute, the inventory should be neatly tied up. A godsend for the experts but another difficulty for the taxpayers. There are no hordes of business appraisers. About a hundred at the most, to which must be added a few business transfer agencies, the certified public accountants and legal and tax consultants. But these last-named devote only a little bit of their time to this activity.

"To avoid glutting, there is no time to lose," Jacques Bravard, head of a group of 30 appraisers, assured us! He is, moreover, not the only one to work on their behalf. Many business agencies organize seminars on this topic and offer to make these appraisals that are producing such a flood of ink.

Calendar

May: publication of the administrative memorandum on the application of the IGF.

June: issuance of the "Evaluation Memorandum," published by the administration.

July: issuance of declaration forms.

October: the 15th, final deadline for sending in declarations, accompanied by the amount of tax due (as of 1983 the fateful date will be 15 June).

11,466

CSO: 3100/552

NEW MACHINE TOOL COMPANY CREATED, SECTOR REORGANIZES

Paris ELECTRONIQUE ACTUALITES in French 9 Apr 82 p 3

[Article: "Master Plan for Restructuring Machine Tool Industry"]

[Text] Formation of a "giant" heavy machine tool organization is expected within the coming weeks. It will be headed by the Institute of Industrial Development (IDI) and based on two categories of operations, turning and milling.

Plans call for creation of a new company, 35 percent of whose capital would be furnished by IDI, and the remainder by large firms that are heavy machine tool industry customers (all in the public sector). This company will control two major groups, one in the milling category, the other in the turning category. Several subsidiaries of the Line industrial group, which has been in difficulty for several months, will reportedly be included in this plan.

The milling group is said to include Line, of Albert (Somme) and TMI Forrest, of Capdenac (Lot). The turning group will be based at Saint Etienne and include the Saint Etienne Machine Tool Company (a Line subsidiary) for horizontal lathe-work, plus the Berthiez Company (a SNECMA subsidiary), of Givors, for vertical lathe-work.

With respect to the Berthiez problem, we learned from a labor union source that SNECMA will establish a 150-man shop in Givors to reconvert part of the company's personnel (approximately 400 persons).

While the major aspects of this plan have been approved, a series of problems still remain to be settled. But government officials did open discussions this week with labor organizations. Several labor federations have already met with Ministry of Industry officials and talks are now to be held with representatives of trade unions from the firms involved.

There are also plans to form a second large company grouping the following: the Hure company, a subsidiary of the Suez industrial group; HES [expansion unknown], recently detached from the Empain group; and Graffenstaden, a subsidiary of CIT-Alcatel. Industrial-level negotiations are less advanced, however, than for the first company. The Suez group will reportedly head this second company.

Line's other subsidiaries--Gambin, Gendron, etc.--would be detached from the rest. They are expected to join other companies to be formed later. An original solution is planned for Albert Machine Tool which will reportedly specialize in retrofitting--i.e. renovation of existing machine tools--a type of activity that is relatively undeveloped in France.

Government officials hope to have a certain number of development contracts signed with the firms in question between now and the end of June. In their view, the problem is one of preparing a solid supply organizational structure capable of meeting any revived demand. They emphasize, however, that rebuilding France's machine tool industry is a long and exacting task requiring 4 to 5 years of sustained effort.

8041

CSO: 3100/574

LORRAINE STEEL INDUSTRY REORGANIZES, MODERNIZES

Paris L'USINE NOUVELLE in French 8 Apr 82 pp 54-55

[Article by Jean Roume: "Steel: The 'Hot Spots' in the Lorraine"]

[Text] Lorraine steel can be competitive. All that has to be done is to complete the two great efficiency and equipment updating operations that have been in progress for 10 years in the Fensch and Orne Valleys. But delicate national and regional arbitration efforts will be required. And no one as yet knows on the basis of what criteria they will be conducted next June.

"Reorganization of the Lorraine steel industry? The only certain information we have to date is that nothing has yet been decided," a director of the SACILOR [expansion unknown] plant summed up.

In fact, government decisions will not be made until the end of June following many debates and consultations involving not only the general staffs of the companies, but also employee unions, local and regional elected representatives and the coordinating committee activated by Lucien Coche, the former director of the IRSID [Institute of Siderurgical Research].

At any rate, the steel situation in Lorraine is not inscrutable. First of all, two preliminary questions can be considered to be dismissed: Does Lorraine iron ore still have a future? Must we go on producing steel in Lorraine? In both cases the answer is affirmative.

The Ministry of Industry has just announced a series of measures designed to reduce "a certain number of national handicaps with regard to ores": widespread reduction of pumping [out of water] costs for closed mines, government assumption of responsibility for individual social benefits, rehabilitation of miners' living quarters and the implementation of research techniques aimed at obtaining better upgrading of the ore.

On the other hand, the Ministry of Industry remains silent on the reduction of rail rates. This major problem will be raised again during the debates to come because it will affect the lifetimes of several outlying company offices and even the competitiveness of foundries (Josuf et Rombas, for example).

The Lorraine medium-term iron ore "plan," of course, remains to be spelled out: What kind of production and how much manpower can be envisioned for 1986? CGT [General Confederation of Labor] iron miners have announced their intention of fighting over the figures.

The government decision to maintain Lorraine ore production at at least the current level means that this region will continue to produce steel. This conclusion is both based on and strengthened by all the technical and economic studies conducted last fall. These demonstrated that the Lorraine steel industry was suffering from no fundamental handicap and could, under certain conditions, achieve a level of competitiveness comparable to that of the ARBED [expansion unknown], one of the best in the EEC.

These conditions have been the target of a detailed updating these past few weeks at the instigation of Claude Dolle, the new president of the SACILOR-SOLLAC [expansion unknown] combine. But will they be met? This will in fact require delicate national and regional arbitration efforts by the government.

A purely economic analysis of the sites and of current equipment rather clearly shows that two great, concomitant productivity operations have been in progress for over a decade and that they must be carried to completion: on the one hand, accentuated specialization of the Fensch Valley in the manufacture of long products (SACILOR) and the Orne Valley in that of flat products (SOLLAC) and, on the other, the "descent" of the plants on the upper reaches of these rivers to their confluences with the canalized Moselle where they will benefit from larger sites and more advantageous shipping costs.

For a Heavy Universal Rolling Mill with a Capacity of 900,000 Tons a Year

The problems involved in making more efficient and updating the existing equipment in the Fensch Valley are of two kinds. First, those posed by the rail and girder mill at Hayange (with a capacity of 200,000 tons a year) and the comparable mill (150,000 tons a year) operated jointly by SACILOR and the Rodange Mining and Metalworking Company at Villerupt. These two pieces of equipment, far from their raw materials, have today been made largely obsolete by technological advances. The same is true of the sheet-pile mill at Rombas (250,000 tons a year), as Robert Frederic, in charge of the administration of SACILOR rolling stock explains and recommends: "In order to maintain our strong positions in the exporting of rails and sheet piles, the desirable decision would be to replace these three pieces of equipment with a heavy universal mill with an overall capacity capable of reaching 900,000 tons a year, the ideal location for which would be the Rombas-Gandrange area because of its proximity to the steel plant."

Served by the port of Ilange, the downstream section of the Fensch Valley may be regarded as having attained its final form. However, major investments are still to be made. The four blast furnaces at Hayange (Patural) have a sufficiently large capacity (2 million tons a year) and have been very much updated. The same is true of the Seremange coke plant (600,000 tons a year), but they will have to contemplate increasing its capacity.

The steelworks, continuous casting and ladle smelting facilities form one of the finest European complexes. Still, the wide-band hot rolling mill must be considered obsolete. Its replacement and urgently required additions to the cold mill and Eblange finishing installations — to respond to the new demands of the automobile industry — mean only a rather stiff estimate for SOLLAC: some 5 billion francs to be laid out before 1986.

Similar, yet different "hot spots" in the Orne Valley. Upstream, at Homecourt — which was an integrated complex employing 4,700 people in 1970 — nothing remains but a 30-year-old concrete-round mill employing 300 people. We might as well say that it is at the end of its career. The official unemployment rate in the urban district of Auboué-Joeuf-Homecourt is between 13 and 14 percent of the working population, but actually it is not far from being twice that much. Vague promises of new industrial plant layout have been made these past few months. "If there is none at Homecourt, things will not go well," Jean-Paul Levacque, responsible for rolling-mill operations, predicts.

It is difficult to judge the future of Joeuf. The wire mill is old, which puts it in a bad position given the modern equipment the two companies that are to be absorbed by SACILOR have: the Normandy Metallurgy Company and the Ugine Steel Company at Fos. The two blast furnaces at Joeuf have been updated on several occasions. With other operations and additional consumption of imported ore, their production could come to 4,000 tons of cast iron a day. But they find themselves competing internally with the eight units at Rombas which can be supplied more economically thanks to the Moselle. In fact, Rombas has already concentrated most of its production on two renovated and enlarged blast furnaces with the others merely contributing, in reserve or are to be eliminated.

"In terms of a pessimistic prediction as to medium-range cast-iron needs, the renovation and enlargement of blast furnace number 5 would permit Rombas to guarantee all of the Gandrange Steelworks' needs alone and more economically than now," Jean Mangeot, responsible for cast-iron operations at SACILOR, noted. Especially if, as is the case, the decision is made to build an additional one or two electric steel plants: a small one at Joeuf and (or) a big one (up to 400,000 or 500,000 tons a year) at Gandrange.

Another issue: Rombas gets coke from four sources, sometimes distant (Lourches, in the North, the Ruhr), and the project to build a coke plant on the site is being studied. This installation (1.2 billion francs) has its partisans and detractors. The latter feel it more opportune to concentrate investments on steel-making equipment.

5 Billion in Investments over 5 Years

Then the brand-new Gandrange steelworks is suffering from a bottleneck because its continuous casting plant can only handle a million tons of molten steel. A second high-capacity machine (capable of producing both blooms and tube rings) would result in a big advance in productivity. And then there are improvements to be made on the commercial iron mill.

For SACILOR as for SOLLAC, investments will therefore amount to some 5 billion francs over a period of 5 years. This does not include the social benefits to pay for manpower reductions (not yet exactly calculated), the creation of jobs to compensate for them and the reorganization of the "special steels" sector for which major decisions seem to be more and more deferred until fall.

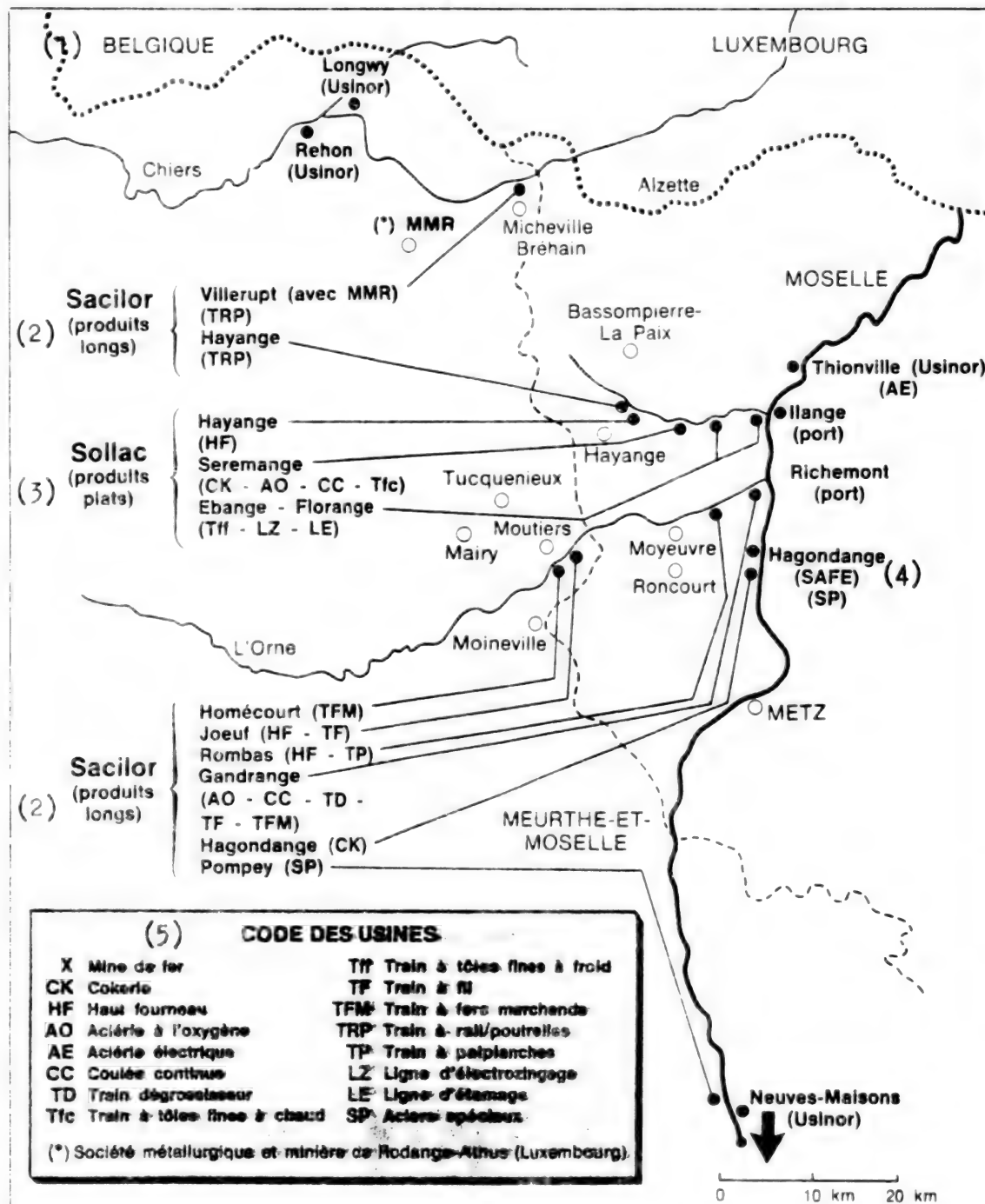
With the Lorraine steel industry's first round table discussion, this debate on the future of French steel which has just begun is the biggest that has ever taken place.

The Pessimistic Predictions of the Judet Report

Composed at the government's request by University of Grenoble Prof Pierre Judet, the report on the mid-range future of the French steel industry scarcely deviates from the recent predictions of agencies like the EEC and the OECD. Unless it be through pessimism less colored than expected about probable French unfinished steel production: between 20.15 and 20.43 million tons in 1986 and between 18.98 and 25.03 million tons in 1990 (as against 22.18 million tons in 1981).

Along with Guy Delacotte, Pierre Judet is a member of the Committee for the Coordination of Steel Investments, activated by Lucien Coche. The predictions expressed will probably play an important role in that committee's conclusions and, consequently, in the government decisions announced for June.

SITES ET OUTILS INDUSTRIELS DE SACILOR-SOLLAC



Key:

1. Belgium
2. Long products
3. Flat products
4. SAFE [expansion unknown]
5. Plant code:
 - X iron mine
 - CK coke plant
 - HF blast furnace
 - AO oxygen steel plant
 - AE electric steel plant
 - CC continuous casting
 - TD blooming mill
 - Tfc hot thin sheet-metal mill
 - Tff cold thin sheet-metal mill
 - TF wire mill
 - TFM commercial iron mill
 - TRP rail/girder mill
 - TP sheet-pile mill
 - LZ galvanizing line
 - LE tinning line
 - SP special steels

(*) Rodange-Athus Metallurgy and Mining Company (Luxembourg)

11,466

CSO: 3100/553

KKE OFFERS OWN PROPOSALS FOR 1982 BUDGET

Athens RIZOSPASTIS in Greek 11 Apr 82 p 16

/Excerpts/ Transitional?

The 1982 budget that was overwhelmingly approved by the government majority in parliament has sealed and completed the course of the government's economic policy. A course that had already been charted by the well-known big and small packages of economic measures. This is an economic policy that is based on so-called "private initiative." The private initiative of the fleeced -- "problematic" enterprises, high benefits from public funds, smuggling of foreign currency, foreign-dominated private speculation of monopolies.....

The prime minister acknowledged that it is hard on the people. It is, however, a "transitional" budget.

Transitional in what direction?

First of all, the increase and expansion of indirect taxes is permanent and not temporary in nature. It is not only for 1982.

Secondly, it does not confront the economic crisis, a crisis that is permanent, structured. It does not strike at the base, it does not lead to a real way out from the crisis.

The Inheritance from the Right

A permanent argument used by the present government is the situation it inherited. The so-called inheritance from the Right. However, inheritance from the Right does not mean only and mainly difficulties and problems. It also means tremendous needs of the people. It means very acute problems of the people. And from this point on, what is required are structured measures, measures to be taken against the root of the problems: antimonopolistic and anti-imperialistic.

The KKE Position

The direction of another policy that could lead to a real way out for the economy and the crisis has been formulated by the KKE in a series of concrete suggestions.

- a. Reduction of indirect taxes and increase of direct taxes by attacking tax evasion, the taxation of big incomes and the restoration of the managerial efficiency of the state. A further decrease in military expenditures, a decrease in state operating expenditures by modernizing and democratizing it, and an increase in expenditures for productive investments, education and health.
- b. Expansion of the public sector through nationalization of basic monopolistic enterprises....
- c. Reshaping of the democratic framework for the organization and administration of the state enterprises.
- d. Development of cooperative and local enterprises.
- e. Control over the activities of monopolies and abolition of the preferential laws for domestic and foreign monopolies. Abolition or revision of predatory agreements, such as the Pechiney-DEI /Public Power Corporation/ agreement.
- f. Imposition of state controls over foreign trade and establishment of duties on imports and exports.
- g. Disengagement from the EEC and development of cooperation with all countries, on the basis of equal status and mutual benefit.
- h. Decisive expansion, restructuring and modernization of the productive base. Development of the key sectors of the economy (machine production, modern technology sectors, etc.). Decisive development of possibilities for productive employment of the work force of the country.

With this kind of direction, a budget would be worked out which, even though it would be --necessarily-- hard on the people, would be above all and primarily hard on monopolies.

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CSO: 4621/302

REAL ESTATE, OTHER TAXES TO BE REDUCED

Athens TA NEA in Greek 31 Mar 82 pp 1, 8

/Text/ Taxes on real estate are being drastically cut. In an amendment accepted by Minister of Economy Drettakis last evening in parliament, the possibility for separate property tax declarations is given to both husband and wife.

The declaration, therefore, will not be collective for all members of the family but separate.

Moreover, with other amendments put forth by the minister, the following are provided for:

- The amount exempt from transfer tax for the purchase of a first residence is increased from 1.5 million drachmas to 2.1 million drachmas. Also, for each child, the amount exempted is increased from 500,000 to 700,000 drachmas. Moreover, the amount of daily wages to be taxed will begin with 874 drachmas instead of 700 drachmas.
- Color television tax is reduced from 25 percent to 10 percent, while stereophonic components tax is reduced from 40 percent to 30 percent.
- The tax on stock market dividends is set at 42 percent.
- Half of the value of hotel property is exempt from its readjustment value.

Other Changes

1. The amount exempt from transfer tax for the purchase of a first residence is increased from 1.5 million to 2.1 million drachmas. Also, for each of the first three children, the amount exempted is increased from 500,000 to 700,000 drachmas, and for the fourth child, 1 million drachmas.
2. The amount of daily wages exempt from tax is raised from 700 to 874 drachmas. Moreover, the daily wage brackets are readjusted so that reduced taxes are withheld.

3. Exempt from turnover tax and stamp duty increases are liquid gas and X-ray films.

4. Color television consumer tax is reduced from 25 to 10 percent.

5. Stereo component tax and air conditioning unit tax is reduced from 40 to 30 percent.

6. New criteria are set for estimating the value of passenger vehicles and motorcycles that belong to companies as fixed assets, so that the profit derived by the companies during the transfer of these fixed assets will be determined at lower rates and will correspond more to reality.

7. The tax rate to be withheld from dividends received from registered stocks on the stock market is set at 42 percent. Therefore, the tax rate of dividends of joint stock companies are uniformly increased by four units, except for dividends of joint stock companies that are not admitted on the stock market.

8. Half of the value of the land of hotels, that are mainly owned and utilized as tourist facilities and on which projects have been built to serve their operational needs, is exempt from the readjustment of property values.

9. A single instalment payment will be made with the submission of the estimated tax declaration instead of the two instalments provided for in the original text of the bill.

10. The following decreases in the increased value of imports for marketing expenditures, meaning a reduction or elimination of the charges provided by the original bill:

a. Marketing expenditures are reduced to zero for X-ray films, raw materials, pharmaceutical manufactured products and pharmaceutical soaps.

b. Marketing expenditures are set at 5 percent instead of 20 percent for Jeep-type and light closed trucks used for agricultural purposes.

c. Marketing expenditures are reduced to zero for generally used equipment.

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CSO: 4621/302

GOVERNMENT BLAMED FOR CONTINUING FOREIGN MONOPOLIES

Athens RIZOSPASTIS in Greek 3 Apr 82 p 1

/Excerpts/ The Common Market-inspired bill "for the granting of incentives," submitted to parliament yesterday by the government, legislates the scandalous privileged handling of both domestic and foreign monopolies. The bill incorporates certain of the more provocative demands of the oligarchy, such as the maintenance of tax exemption for its parasitic activities covered by Law 89/67 of the junta, the voluntary nature of state participation in investment departments with over 400 million dollars that enjoy privileges, recognition and ...building sites as its "contribution" to the investment, the maintenance of the subsidizing of the rate of interest paid, the exemption of firms that would be subject to this law from the recent increase in taxes, etc. Privileges that are granted by the new law are safeguarded for 10 years.

The substance of the bill submitted is the same as that of Law 1116/81 of the Right: It offers money free of charge for investments in accordance with the example of privileges given to EEC member states. The money is given by the state (that it takes from the taxpayers) and the EEC treasury (that also fills up with money of the workers of each country). Investments that are made nevertheless belong to its owners...Thus, the government's statement rings curiously, in that in its introductory report it states, "The economic and social philosophy of the new system of incentives is determined by the principles and goals of the government for an economic and social transformation...."

Characteristic of the substance of the bill is the apologetic statement of Deputy Minister of Coordination Roumeliotis who said, "Goal of the government is not to strengthen state monopoly capitalism." As for the wording of the Right about the so-called "anti-incentives," the deputy minister said:

"It is impressive to note that the fanatic supporters of Greece's entry into the EEC are protesting those provisions of the bill which similarly are in effect in other EEC countries."

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CSO: 4621/302

NEW REGULATIONS AFFECT FOREIGN FIRMS

Athens ELEVTHEROTYPIA in Greek 1 Apr 82 p 15

/Text/ The privilege of registered letter secrecy is being abolished for foreign firms headquartered in Greece on the basis of Law 89. Moreover, the rate of letters of guarantee for these same firms is raised from 5,000 to 50,000 dollars. This information was given out yesterday by Deputy Minister of Coordination Roumeliotis who added that with these changes the interests of the Greek state and of those Greeks working for these firms would be safeguarded, while the atmosphere for the influx of foreign capital is not disturbed.

/The Minister said,/ "The establishment of firms in the country on the basis of Law 89, and particularly of shipping firms (800 offices have been set up), contributes decisively in boosting employment, and Piraeus especially is helped through income produced by those employed by these firms.

"We have abolished the privilege of registered letter secrecy since the post office has the right to check on the contents of registered letters of all Greeks. (Note: With this privilege, firms have had the opportunity to take anything out of the country unexamined, even foreign currency).

"The increase in the amount of letters of guarantee from 5,000 to 50,000 dollars ensures the indemnification of any possible wage demands by Greek personnel in case of a firm's departure.

"These changes have been embodied in a bill with new incentives."

Mr Roumeliotis, referring to the new developmental bill that will be made public Friday, emphasized that the government is in favor of a decentralized and self-managed economy in which there will be room for the development of private initiative.

The deputy minister of coordination added that the bill comes within the clear socialist course of the government with the promotion of social schemes and the reestablishment of a balance between investments that will be made by private individuals, partnerships, consortiums and local government firms.

Mr Roumeliotis added that we are giving incentives more for investments and for firms of a social nature because they have neither the financial capability or the access that private enterprises have.

He concluded by saying that we believe that within the framework of the economic policy being created by the bill, both the public and cooperative, as well as the private sectors of the economy, will be reinvigorated.

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CSO: 4621/302

DROP IN EXPORTS IN 1981 NOTED

Athens I KATHIMERINI in Greek 14 Apr 82 p 7

[Text] There was a 14 percent drop in overall exports in 1981. As is well-known, this has been characterized as being the worst year in the post-war period as far as exports are concerned.

In accordance with data of the statistical service, the overall value of exports in 1981 amounted to 237,911.6 million drachmas, as compared with 221,108.7 million drachmas in 1980. Given the fact that the wholesale price index for exported goods rose 25.1 percent between 1980 and 1981, it stems that in real prices, exports dropped 14 percent in 1981.

More specifically, the geographic distribution of our exports over the past 2 years is as follows (amounts given in millions of drachmas):

	<u>1981</u>	<u>1982</u>
EEC	102,976.5	105,263.3
EFTA	5,380.9	5,109.4
East Europe	19,847.4	23,590.2
Remainder of Europe	6,557.2	6,492.2
Africa	30,158.6	23,210.0
America	22,807.5	14,271.5
Asia	48,785.9	41,875.6
Australia	1,397.6	1,296.5

It appears that exports to the EEC dropped last year, and especially so to East European countries, while they greatly increased to America and to the countries of Asia and Africa.

From an analysis of the kinds of products exported, it appears that there was a slight increase in all products, with the exception of petroleum and chemical products which showed a precipitous increase.

5671

CSO: 4621/302

SALONICA TRADE SITUATION REPORTED DIFFICULT

Athens ELEVTHEROTYPIA in Greek 1 Apr 82 p 15

/Text/ Salonica, 1 April-- The annual ESTh /Salonica Trade Association/ report that was read to the members of the association at its general assembly meeting by Mr Fotiadis, its president, noted that the trade situation was especially a difficult one in 1981, showing a continuation of the trend of our economy that began in 1979.

Although the report cites statistical data that constitute eloquent evidence of stagnation, even of a decline in economic activity during this period, it assumes a rather guarded position for the trends during 1982.

The report refers to "scepticism among members of the profession," and it details the problems to such factors as foreign exchange differences, the lagging readjustment of prices in public utility organizations and the increase in labor costs.

Finally, the ESTh issues an appeal for collective efforts to confront the issues of inflation and unemployment.

5671

CSO: 4621/302

GREECE

BRIEFS

INCREASE IN DEBT SERVICING--Minister of Coordination Ap. Lazaris announced yesterday that this year our country will have to pay out 1 billion dollars on interest for foreign loans. He emphasized that the interest and loan amortization stem from loans inherited by the government from previous administrations. /Text/ /Athens TA NEA in Greek 9 Apr 82 p 1/ 5671

CSO: 4621/302

INCREASED WAGES, MORE LAYOFFS REPORTED

Rome L'ESPRESSO in Italian 11 Apr 82 pp 222-223

[Article by Paola Pilati]

[Text] Checkmate for organized labor. Workers' wages rose in 1981, but in exchange employers have won a free hand to slash payrolls and call on the wage supplement fund to take up the slack. Meanwhile, organized labor can only stand by and watch helplessly.

ROME -- 1981 will go down in history as the year Italian industry quietly restructured itself. Where legislation and collective bargaining had failed, the corporations did it their way: they abolished the jobs that were the underpinning of the wage-supplement fund; they cut back on absenteeism by setting productivity quotas higher than any in living memory; and they stifled protest with substantial company-wide, across-the-board wage hikes. Details on these startling changes are laid out in the Europa Research Center's second report by Giorgio Ruffo (in collaboration with Luigi Spaventa and Antonio Pedone): and the data bear witness to an alarming phenomenon, to wit: the weakening of organized labor and its total loss of control over the most vital "variables" in the labor market.

But let's take a look at the figures. CER's economists have set about solving an enigma: 1981 brought us to the brink of 16-percent inflation along with a gradual cooling of consumer and wholesale prices. And yet, in flagrant violation of all the rules of economics, there was no matching decline in costs. To the contrary: import prices rose by 33 percent and -- most significantly -- average worker income rose as well, particularly for workers in industry. By comparison with an average 20-percent increase in average employed worker earnings, average monthly earnings for workers in major industrial plants rose by 25 percent (not by the 19 percent Budget Minister Giorgio La Malfa quoted in his report on the state of the economy). Even assuming that 15 percent of that came from COLA, the bottom line leaves

10 percent unaccounted for. In other words, what we have here is a wave of company raises, coming in a year when no collective bargaining contracts are up for renewal.

How could the corporations afford such gratuitous cost increases without passing them on to the consumer, and especially without shrinking their profit margins? This is where the silent restructuring process began: to avoid being a vulnerable target for the negative effects of the market, industry has made itself more elastic and responsive. First item on the agenda: cut the payroll.

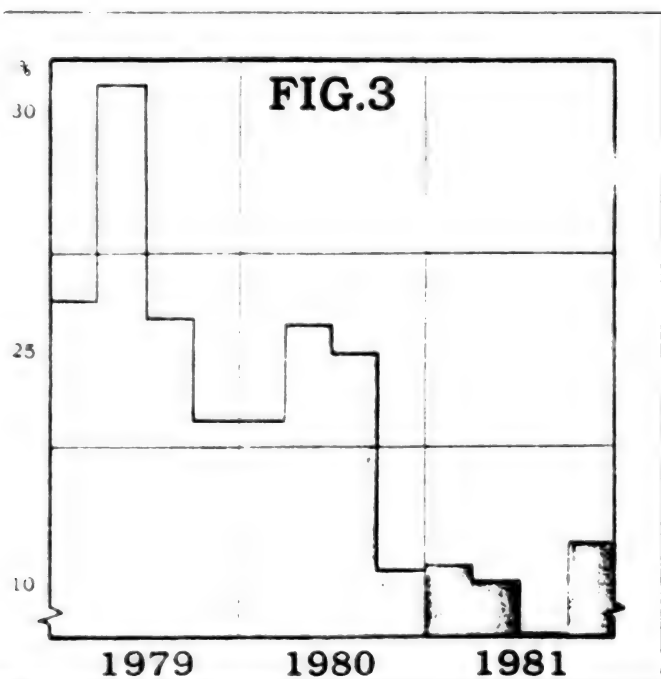
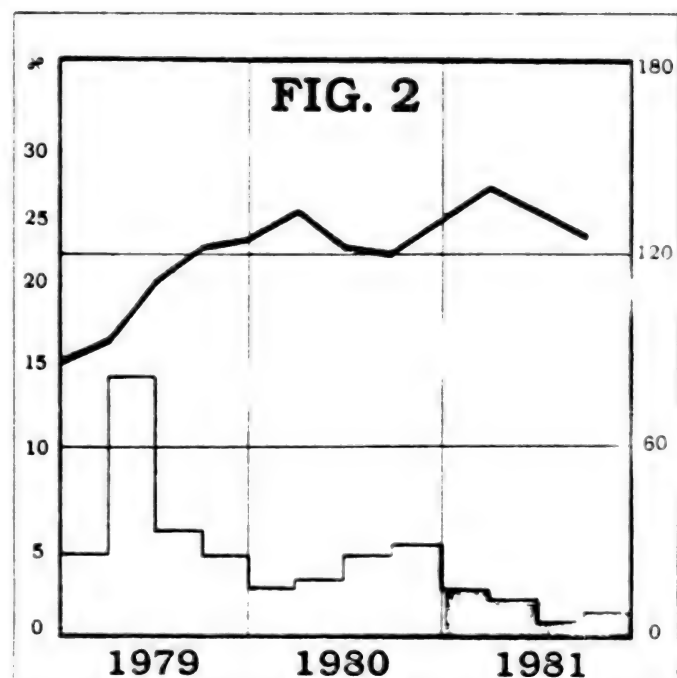
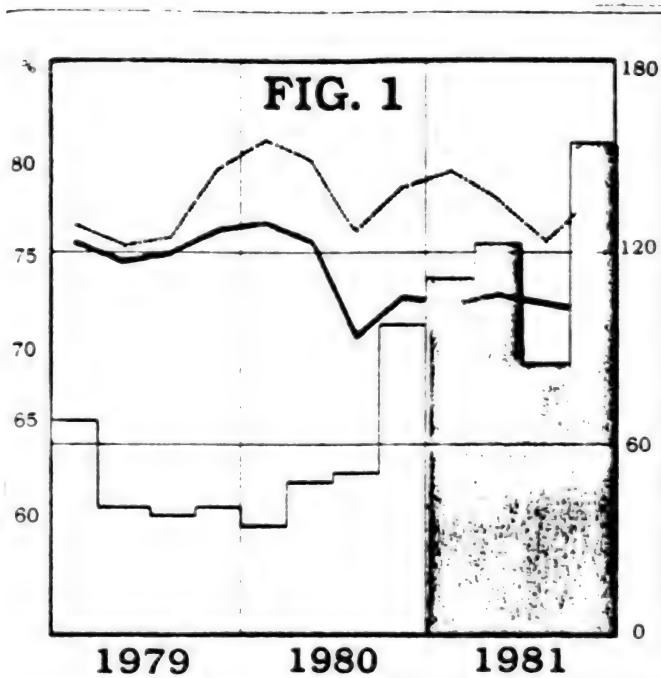
Payroll Flexibility

In 1981, the cutback was managed by attrition (failing to replace workers retiring at the mandatory age) or by plant shutdowns and layoffs. The final slice came in the form of massive and totally unprecedented recourse to the wage supplement fund: up from 307 million hours in 1980 to 580 million hours in 1981. Most significantly, there was a marked increase in demands on the overtime supplement fund (60 percent), which "very often was the pretext for a permanent payroll cutback," says the CER. The effect is that of still another blatant lightening of industry's burden: unemployment "hidden" behind the wage supplement fund is calculated at 263,000 people in 1981, as compared with some 130,000 or so in 1980.

In the Shop: Order Prevails

Having achieved -- through payroll cutbacks -- their goal of "containing the cyclical decline in productivity stemming from the drop in production" (the value added per worker rose in 1981 by 4 percent), industry went on to make other major gains on the labor front. Workers' militancy over the year declined steadily from moderate to all but non-existent. On the other hand, industry time-sheets revealed a marked decline in absenteeism. The available data come from the Lombard Association and from the Turin Industrial Union.

In the first instance, the ratio of hours of absence to hours on the job dropped one point in the first three quarters of the year. In the second, from a survey of small and medium companies with a total of 35,000 workers, the absentee average declined by 2.5 percent from the previous year among white-collar employees, and by 6.5 percent among blue-collar workers. The phenomenon can be attributed to several concurrent causes: "A cutback in employment at the expense of employees with the highest absentee records, and a general decline in job availability as a result of the recession, plus fewer chances for outside employment on time taken from the regular job; then there is the monetary incentive.." "In any case," says the CER, "lowered absentee rates improve production planning capability, while overtime and the supplement fund enable us to increase the elasticity of labor input in relation to demand elasticity."



These three graphs show the level of standardization in "industrial relations" achieved by all major industrial corporations in the past 3 years.

Figure 1 shows (in the shaded portion) the millions of hours charged to the wage supplement fund; the broken line is the industrial production index (base 1970 = 100). The solid line shows plant utilization as a percentage of capacity. The shaded portions in Fig. 3 represent working hours lost as a result of labor disputes, while the solid line shows percentage variations in contract minimum pay scales for workers in industry (base 1975 = 100; ISTAT). Figure 3 shows the percentage of absentees from plants in the Turin area.

The 'Submerged' Restructuring

In short, Italian industry in 1981 "managed to impose a line of its own on the twin problems of productivity and payroll flexibility." With what advantages? Among the immediate benefits, the CER points out, we must list the de facto slippage in contracts, quietly acquiesced in by a weakened labor movement. Another financial bonanza for industry came from its shifting the burden of workers put on wage supplements to the taxpayers. In 1981 "the costs of wage supplements for 'no-show' coverage and other expenditures topped 3 trillion lire" or twice those of the preceding year. Even so, there are still perils inherent in this submerged restructuring process. For organized labor, of course, downgraded to rear-guard status and powerless to influence the quantity or the price of labor. But there is peril in wait for the corporate system, too. "The weakening of organized labor," the CER concludes, "is often perceived as an advantage by one segment of industry which never looks beyond its own short-term interests: hence the decisions to undercut the union organizations so as to settle every problem at the plant level. Past experience shows just how fraught with peril such a strategy can be: unresolved tensions accumulate, and there is nobody left to talk to when those tensions explode."

The Deficit? It's 57 Trillion Lire

Will the government manage to stay beneath the 50-trillion deficit lid on public spending for 1982? The CER's arithmetic says no: Mr Spadolini's ministers' figures are at least 7 trillion lire short. Let's see why. Real expenditures in 1981 leave 1982 with a weighty inheritance. As against a predicted 18.5 trillion carryover deficit, the state's year-end accounting showed a shortage of more than 45 trillion. Much the same state of affairs can already be predicted for 1982: the total deficit as reckoned when the budget was put together came to 49 trillion lire; right now, it stands at an estimated 79 trillion. This means that our economy has been saddled with twice the expected "available sum." How long can it stand up under that load? The CER points out that, while in 1981 the Treasury's payment delay was a deliberate anti-inflationary maneuver, doing it again in 1982, and letting the deficit pile up, will be considerably harder to bring off. The pressure of the "payments potential" inherited from last year will have quite the contrary effect in the form of a spending push, "and consequently spending will go right through the ceiling imposed on state budgetary requirements." As for the 50-trillion-lire requirement planned for the expanded public sector, this means that "funding authorizations" (meaning actual cash expenditures) will hit 57.572 trillion lire by CER's reckoning.

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CSO: 3104.180

FEBRUARY BALANCE OF TRADE SHOWS HEAVY DEFICIT

Rome IL POPOLO in Italian 13 Apr 82 p 14

[Article by "P.E."]

[Text]

February set a new all-time record low for our balance of trade. According to preliminary estimates, ISTAT reports that in February of this year the balance closed on a deficit of 2,931 billion lire, a level never before reached for a single month. If the estimates prove correct, this deficit will top the previous record set in May of last year, when it was 2,866 billion lire.

The prime factor in February's dismal showing was a sharp rise in imports -- up 41.1 percent over February of last year, when the deficit came to 10,516 billion lire. Although exports stood 28.1 percent higher than for the preceding 12 months, exports only partially offset the growing demand for foreign goods, totaling 7,585 billion lire.

Overall, in the initial 2 months of 1982 imports came to 19,782 billion lire, with exports at 15,235 billion, putting them up 42.8 percent and 40.7 percent, respectively, over the same period in 1981. This meant a deficit in the import-export balance of 4,547 billion as compared with 3,025 billion for the first 2 months of 1981.

Of the 1982 deficit, 4,788 billion went for petroleum products, while other imports were in the black by 251 billion lire.

Looking at February alone, the size of the deficit can be charged to the increase in imports of energy products (crude oil and hard coal) and raw materials for the processing industries (pig iron, iron and steel, iron ore, raw cotton, timber, and hides).

ISIAT points out that in general the increase in the deficit for the first 2 months of 1982 by comparison with January-February 1981 is due to the worsening trade picture in food products, mineral fuels and their derivatives, chemicals, and other products.

As for mineral fuels and their derivatives, the increase of more than 1,400 billion in the deficit (from 3,675 in 1981 to 5,094 in 1982) is linked with larger outlays for crude oil purchases as a result of a 27-percent increase in the lira prices and the 11-percent increase in the amount imported, relating solely to concomitant imports of petroleum products.

The first 2 months showed some progress for machinery, textiles, and clothing which, together, rang up a surplus of some 2,200 billion lire.

Still on the subject of foreign trade, we report the Foreign Trade Institute (ICE) mission to Southeast Asia, made up of 14 spokesmen for 12 Italian manufactures of furniture and components.

The purpose of their mission was to search for sales outlets what would give Italian products a permanent place on that market. The mission stopped at Hong Kong and Singapore, where its members made contact with the local furniture distributors.

Both markets, according to an ICE communique, are magnets for international capital, centers of industrial processing and international trade, and scenes of intensive construction growth. This makes them locations with a high absorption potential for domestic use.

Singapore, moreover, is the main port of access to Indonesia and Malaysia (potential markets with several tens of millions of people).

Italy's effort, the communique concludes, is aimed at the two top price brackets in the market for fine furniture; offerings aimed at the lower half of the market are locally produced or imported from Japan, and there is no questioning the attractiveness of their prices.

0182

080:3104 171

DC'S STANCE ON SPECIAL AID LAW FOR THE SOUTH

Rome IL POPOLO in Italian 13 Apr 82 p 10

[Article by Giovanni Zarro]

[Text] As we all know, the end of June will sound the knell for the extension on emergency operating funds for the Southland Development Agency [Cassa per il Mezzogiorno], which means that 30 June will be the deadline for final proposals for reform in the 1980's.

All parties, including our own, have worked their way down to the substantive issues involved, and are now busy with their position papers. The divergencies that have surfaced, however, are sizable and, in my view, if they are not reconciled in an expeditious compromise session, may well bring us up to that deadline with solutions inadequate to meet the demands of the serious problems besetting the South's economy.

This is why the Christian Democrat caucus, where they are working on a reform scenario, has come up with an urgent request for the other political parties and for labor and management to peg their reform scenarios to a realistic approach to our institutional and economic system, and to come up with innovative proposals that will enable us to operate fruitfully in that very difficult context of the Italian Southland.

Both the concern and the new ideas for reform are thoroughly justified; that is not the case, however, when the fruits of that concern turn out to be utopian ideas, or when the requirement for consistency with party ideology is cogent enough to drive a political party away from realistically feasible solutions. In so doing, we should be doing a disservice to the people of the South, whom the State is pledged to help along the road to progress. As I write this, I am looking at the plans submitted by the communists and socialists, and thinking about the record of emergency intervention as national policy from 1950 to the present day.

We can distinguish four more or less distinct period in that record. The first, from 1950 to 1963, when emergency aid was directed primarily at major public works projects.

The second, which stretched from 1957 to 1963, during which most attention was centered on industrial development, through more intensive reliance on incentives and on southward-channeled investments by the State Participation corporations.

Then we have a third period, from 1963 to 1970, where there was an accentuation of the institutional aspects in aid to the Mezzogiorno, in the sense that it was perceived as a part of the overall national economic program. State intervention, even when compared with a national concentration policy, was enriched with the establishment of such agencies as the Southland Development Assistance Institute (IASM), the National Southland Institute (INSUD), and Southland Funding Institute (FINAM), founded as backups to FORMEZ [expansion unknown], set up in 1959.

Lastly, we have a fourth period, from 1970 to 1980 -- right up to the present -- during which the notion of concentration was scrapped by reason of its limited effect on development, incentives were redirected more toward small and medium enterprise, and there was renewed enthusiasm as to the value of government help with upgrading infrastructures. During that period, emergency aid was further redefined in the light of the innovations that came along with the area's accession to regional status.

The underlying legislation, PL 853 (1971) and PL 183 (1976) shows the impact of the overall crisis in economic planning and marks the transition to sector-scale intervention, in line with the policies adopted for industry in PL 675, agriculture (PL 984), and foreign trade (PL 2271).

As Budget Committee Chairman La Loggia, in total accord with Prof Saraceno's argument, so convincingly argued, the bottom line in all Southland Aid policy is still the fact that there has been some self-propelled development in response to all this legislation, but not a whole lot of it, and in any case not enough to close the gap between the Mezzogiorno and the rest of Italy. A codicil to that bottom line tells us that within the Southland itself there are yawning gaps between development levels in one province and those in others.

It is with an eye to the overall record and hence with an eye to the need for yet another update-revision of emergency aid that all these proposals have come to the fore. The view taken by the DC is that the Southland, which, among other ills, is suffering disproportionately from the impact of the general economic crisis afflicting the nation as a whole, needs even stronger emergency aid measures, and measures that will work better than any hitherto adopted, and that this end ought therefore to be sought through a specially constituted agency such as the Cassa per il Mezzogiorno.

This is why we, as Christian Democrats, are sharply critical of the communist proposal, which begins by abolishing the Cassa and even the Ministry for the Southland, and assigning their functions to the Ministry for Budget and Economic Planning, with stepped-up responsibility

levolving upon the regional governments. Quite sincerely, I feel that in this case there is a preponderance of utopianism in the reform thrust, which, to cite only one drawback, does not take due cognizance of the limited operational capability displayed by the regional governments in spending the funds appropriated for them by the State, with the consequent accumulation of heavy deficits.

On the other hand we have the socialist proposal, drafted by Mezzogiorno Minister Claudio Signorile, which would vest all planning and funding authority in the Mezzogiorno Ministry, transform the Cassa into a planning and technical advisory body, and have a strong voice -- even making provision for supervision of banking activities -- in all forms of incentive provision. What we have here is not so much a utopian as an excessively ideological approach, which can be discerned as well in Gianni De Michelis' plan to reform his own State Participations Ministry, which would vest all management functions for emergency aid in one single body, to wit: the State Participations ministry.

Aside from the plethora of agencies called for in this plan, what we would aim our first criticism at is the fact that government intervention on behalf of the Mezzogiorno, in that it is emergency and extraordinary intervention, must in any event be supportive in the long run to the independent initiative of the various public and private agencies, whose independence must be expanded and encouraged if they are to help single out an innovative path to development.

We cannot allow ourselves, for reasons of ideological rigidity or in response to a distorted view of what constitutes efficiency, to believe that centralization and total control of economic activities is a plausible or realistic solution to the ills and potentials of the Southland in all its infinite variety. It becomes even more repugnant when it flies in the face of a basic principle of our pluralistic system, which sees State support as a tool designed to serve, rather than to diminish the growing independence of citizens and of businessmen.

6182

CSO: 3104 171

TECHNICAL AID ACCORD WITH CHINA FOR FLOOD CONTROL

Rome IL TEMPO in Italian 6 Apr 82 p 16

[Article by Giovanni Tagliapietra]

[Text] As part of a technical cooperation agreement with Peking, Italian experts and engineers will go to that country to help the Chinese with their flood control problems. C. Lotti Engineering was picked to prepare a project for flood control on the Han River. Italy's government is financing the operation to the tune of 1.738 billion lire.

Among the gigantic and complex problems China's leaders must solve, considerable importance is attached to the delicate balance between natural events and land management, such for example as that involved in taming the great river basins to prevent their recurrent disastrous flooding. True, this is one particular area in which China's thousand-year tradition is justly famed, yet there is no doubt that experience increasingly needs to be supported by the latest in modern technology.

Just such a case is typical of the problems facing the Chinese authorities (there is a whole ministry devoted to water conservation): it concerns the great basin of the Han river (a tributary of the Yangtze). Covering an area of 159,000 square kilometers, about twice that of the Po valley, and with a total mean annual flow of 50 billion cubic meters, its mighty crests periodically threaten the densely populated areas around it with severe adverse effects on development. This is the context against which an interesting -- and potentially far vaster -- collaboration between the competent Chinese authorities and an Italian engineering firm stands in the recent agreement between the Italian Foreign Office and the Peking government. The company is C. Lotti and Associates, and it has been chosen to come up with an overall plan for flood control on the Han.

The problem is not a simple one. The Chinese have already built a dam to harness the full force of the river to form the Danjanku reservoir, whose fall is used to generate power; another attempt to control the river's crests and avert flooding of the city of Wuhan and the

surrounding districts is the Dujatai drainage canal. Whenever the river waters reach a certain level, the floodgates opening into the canal are opened, and the waters rush out onto a densely settled plain, which must be swiftly evacuated. Opening those floodgates thus becomes a major decision, calling for orders from the highest level. No less demanding, however, is operation and management of the reservoir, because over the months leading up to a crest, the dam's containment is held at the lowest possible level so as to leave sufficient capacity to receive very large amounts of water: that means perforce a cutback in the electric power generated.

The problem thus is to be able to make precise and timely predictions as to the height and moment of the Han's flood crest, so as to coordinate the level of the Danjanku reservoir and, if necessary, the volume of water to be released into the drainage canal, without these emergency measures' affecting the power output from the reservoir plant. Achieving an optimal balance of this precision among all the factors involved is possible only with a real-time data processing system and with access to mathematical models for insertion into a computer model. As of now, rainfall and water-level data are sent during the rainy season from the major Han Basin stations by telephone to the various provinces, and from there via telegraph to Peking and to the Yangtze Valley Authority in Hunan. The Chinese have a good hydraulic laboratory setup, but lack a data processing system that is equally up-to-date.

The agreement signed last November between Lotti and the Chinese government, which took effect a few days ago, calls for Italy to provide a data processing computer, seven radio transmitting stations capable of real-time reporting of crest progress, and specially designed mathematical models which can be inserted in the computer to obtain quick answers as to the proper action to be taken. The nominal time for completion is 15 months, and the cost of the entire operation -- financed by the Foreign Office Department of Development Cooperation -- will be 1,738 billion lire, 500 billion of which will go for equipment. A team of eight engineers (including two from the National Research Council [CNR] and four from Ansaldo) is ready to set off from Italy, while five Chinese engineers will be coming to Italy.

This is an extremely promising project, and one which, in the long run, could lead very far indeed. At a press conference yesterday the Lotti people told newsmen that only 3 percent of China's hydroelectric potential has been developed, and that there are no fewer than 100,000 small power plants operating throughout that vast country. The possibilities for cooperation are thus enormous, and might lead, in the long run, to establishing a different sort of cooperative relationship -- perhaps even to a "triangular" arrangement in some areas of the Third World.

6182

CSG: 3404 171

INDUSTRIALIST SEES GOOD ECONOMIC PROSPECTS

Amsterdam DE TELEGRAAF in Dutch 27 Mar 82 p 49

[Article by Madeleine Boerma: "Dutch Economy"]

[Text] The Hague, Saturday--The Netherlands has good financial and economic prospects. The result of several years of wage restraints is ready to be harvested. Only a bad hail storm in the shape of an absence of government cutbacks can spoil this harvest.

The people are prepared to go along with the retrenchment policy agreed upon by the government at the start of its tenure. However, politics and social developments have become so alienated that the government is afraid to assume its responsibility for the retrenchment policy.

This is firmly believed by Chris van Veen, chairman of the Alliance of Dutch Enterprises (VNO) who will step down next year. When he accepted the chairmanship the ex-minister of education intended to improve understanding between politicians and businessmen. Over a period of 9 years Van Veen used every opportunity to point at the need for radical reductions. There are no visible results. Is he disappointed because his influence on politics appears to have been next to nothing?

Understanding

The resolute chairman appears to be a bit taken aback by this question. "On the contrary, I leave as a satisfied person. In the past years I was able to generate a lot of understanding in personal conversations with cabinet members," said Van Veen. He claims to have created a lot of political interest within his own ranks. Contacts with political leaders are no longer confined to the chairman. In public debates with politicians and labor leaders he has the support of a circle of young businessmen. Only when Wim Kok (chairman FNV [Netherlands Trade Unions Federation] or Minister Terlouw (Economic Affairs) are speaking, will the chairman espouse the ideas of a free market economy in person.

There are also confidential conversations with politicians of all the big parties in De Baak [The Beacon] where special subjects, as environment and

participation, are now under discussion; and then there are the Entrepreneurs Houses which will be built in all provinces, and the urgent appeal to entrepreneurs to seek election in municipal and provincial councils.

The delayed reaction of politicians to cries of distress from the world of businessmen can, according to Chris van Veen, be blamed on estrangement between politicians and social developments. Van Veen says: "Since World War II there has been a narrowing of political consciousness. We are getting politicians who go directly from the social academies to the Chamber to enjoy many years of service there. They are not firmly rooted in society.

After the explosion of government transition expenditures during the Den Uyl government, the government has been trying for 5 long years to reorganize expenditures. According to Van Veen, his old colleagues in the Ministry of Education complained to him shortly after his departure, that they were sent back to their drawing boards if they did not show millions of guilders in connection with all kinds of expense items.

Summary

According to Van Veen there are two reasons why the first Van Agt Cabinet (CDA [Christian Democratic Appeal] and VVD [People's Party for Freedom and Democracy]) did not succeed. The VNO chairman defends the first Van Agt government by saying: "Against the background of the rise of the D'66 [Democracy 1966] and the lack of support from the Second Chamber supporting drastic cuts in government expenses just before the elections would have meant suicide for the VVD. The CDA could not do it either because, although it did already exist, the fusion had not yet been consummated which prevented the fraction from solidly supporting the cutbacks."

His judgement of the present government is much sterner. It will have to prove that it constitutes political leaders who dare to look beyond the elections. Otherwise it should go. Government leaders must choose for their own responsibility; nobody should deter them, neither pressure groups which can be found to back every issue, nor the party which wants to execute its own program. Van Veen clarifies his point of view by saying: "Den Uyl should not act as the PvdA's [Labor Party] power broker.

Obstruction

The VNO leader would like a government which executes a coherent policy and sees to it that the ministers support each other when one of them comes under heavy fire. "Otherwise one is apt to go down." Moreover it does not require a large majority in the Second Chamber to enable a small group to stand in the way of progress.

To Chris van Veen it will always remain a riddle why the government introduced the contested Health Act plan in the form of a draft bill. "I, and everybody else wonder how it could have happened. It is either an expression of an unimaginative economic philosophy or Den Uyl has been listening to persons far removed from the roots of society. Even in circles of the labor movement an increasing number of leaders with degrees have never experienced life the way it really is."

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TOTAL NUMBER OF JOBS DECLINES FOR SIXTH MONTH IN ROW

Stockholm DAGENS NYHETER in Swedish 10 Apr 82 p 9

[Article by Bo A. Ericsson]

[Text] The total number of jobs in the country dropped during March for the sixth consecutive month. At the same time, about 280,000 people were either unemployed or in AMS (National Labor Market Board) programs. This is almost a 30 percent increase over the same month last year. This was indicated by a new labor market study by the Central Bureau of Statistics and AMS.

The fact that for the first time during the post-war period the number of jobs is decreasing month after month (the decline in March was 25,000) means greater difficulties for the large group of young people who will enter the job market in several months.

In industry, for example, 40,000 jobs disappeared since March of last year.

Unemployment in March was 124,000 or 2.9 percent. This is a decrease of 11,000 below the February figure, which is normal for this time of year, but it is an increase of 34,000 over the same month last year.

Young people accounted for 41,000 of the unemployed, compared to 31,000 a year ago. In addition, 35,000 young people were employed in relief work, without which they would have been unemployed.

In March 155,000 people were involved in various types of AMS programs, i.e. relief work, etc. That is an increase of almost 30,000 over last year.

At the end of the month, employment offices listed 33,000 vacant jobs. That is far below last year's figure. In addition, only about one third of these jobs represented permanent employment.

The study also showed that almost 17,000 people had been given notice during the first quarter of the year, compared to 12,800 for the same period last year. At the same time, almost 15,000 were temporarily laid off.

During the first quarter the average unemployment was 137,000 or 3,2 percent.

Unemployment among foreigners was twice as high as among Swedes. Unemployment among foreign youth was almost 11 percent.

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CSO: 31 09/143

EXPORTS TO ISLAMIC COUNTRIES REPORTEDLY UP 215 PERCENT

Istanbul TERCUMAN in Turkish 20 Jan 82 p 5

[Text] The distribution by countries and by country groups of exports for the 11 month period between January and November 1981 has been determined.

According to the General Directorate of Exports at the Commerce Ministry, the group of Islamic countries which accounted for 21.5 percent of our exports during the same period in 1980 has seen its share of our exports increase by approximately 20 percentage points to 41.1 percent during the January to November period of 1981. During the first 11 months of 1981, total exports to Islamic countries increased by 215.2 percent to reach 1,665,307,000 dollars.

Meanwhile, as the share of Islamic countries within the total of our exports increased, a decline took place in the share held by Western nations. A vast majority of the nations in question belong to the OECD group for which a decline in the share of our exports had been announced in September. While OECD countries accounted for 58 percent of export revenues during the 11 month period of 1980, during last year's corresponding period this figure dropped to 48.8 percent.

Nevertheless, while the share that is attributed to OECD countries within our total exports declined, an increase of 38.8 percent has been observed in the value of the exports to these countries. The total value of exports to countries within this group increased from 1,421,854,000 dollars to 1,974,302,000 dollars.

It has also been determined from data for 11 months of 1981 that while a 65 percent increase has taken place in the total value of exports, Greece and Iraq head the list

countries towards which exports have shown the greatest increase. As viewed within 11 month periods, exports to Greece have increased by approximately 450 percent during 1981 and climbed from 7.8 million dollars to 42.8 million dollars. Likewise, exports to Iraq which stood at 111 million dollars for 1980 have shown a 326.3 percent increase during the 11 month period for last year and risen from 111 million dollars to 473 million dollars.

Meanwhile, it has been determined that according to data pertaining to the 11 month periods, 13.8 percent of our exports have been directed towards West Germany with 12 percent directed towards Iraq.

It has been learned that while exports towards all export groups have generally increased in 1981, there has been a decrease in exports to Socialist countries. Exports to these countries which amounted to 451 million dollars during the 11 month period of 1980, have declined by 30.1 percent to 314.9 million dollars during the corresponding period of 1981.

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TRADE RELATIONS WITH GREECE REPORTEDLY INTENSIFY

Istanbul GUNAYDIN in Turkish 27 Jan 82 p 5

[Text] ANKARA. It appears that in spite of all intervening political tensions, there has been a rapid intensification in our trade relations with Greece. According to definitive figures for the year 1981, our exports to Greece have increased to a large extent and there has also been a boom in the field of tourism. The figures for 1981 indicate that our exports to Greece have increased by 450 percent in comparison to the previous year. While Greece purchased goods worth 4,885,000 dollars in 1978, 4,662,000 dollars in 1979 and 8,730,000 dollars in 1980, this figure rose to 42,800,000 dollars in 1981. Greece occupies the second position after Iraq among the countries towards which our exports have increased the most. Our exports to Greece are equivalent to six billion Turkish liras.

1981 has been a boom year for our relations with Greece in the field of tourism. According to available data, Greek citizens have made up 78,875 of the 948,000 tourists who visited Turkey. When ranked by nationality, the number of Greek tourists is second behind the 109,361 tourists from West Germany. It has been determined that the Greek tourists who visited Turkey spent 20,901,000 dollars. This is approximately equivalent to 2,898,000,000 liras.

4-21

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WALLOON SOCIALIST PARTY CONGRESS ANALYZED

Brussels KNACK in Dutch 31 Mar 82 pp 18-19

[Report on Walloon Socialist Party Congress held 27-28 Mar 82, by J.S.:
"Forward, But Not Too Fast"]

[Text] According to rumor, Jean-Pierre Chevenement is supposed to have been the originator of the rose in the fist, which has been the symbol of the French and Belgian socialist parties for a decade. He is now Mitterrand's minister of state for research and technology, and he opened the party congress, "Renover et Agir" [Renovation and Action], last Saturday with a well-spoken guest speech on le changement [change] in his country.

But most recently his rose has begun to lose a few petals. Not only did Chevenement lose in his own district in the elections held 2 weeks ago, but throughout France, as well, the Socialists lost precisely those few percentage points by which they beat Giscard in the Spring of 1981, and by which, then, they obtained the mandate for that changement of theirs. Just as they themselves, as the opposition, had won the district elections of 1976, those elections were won this time by the rightist opposition. That may be counted as a warning. It does not mean that the French people believe that Mitterrand is governing too far to the right, otherwise they would not also have penalized the Communists at the same time. It seems that the French feel that the government is too far to the left.

What is disturbing is that the Germans in lower Saxony also felt the same thing recently. That opinion seems to be shared by a growing number of Britons about the Labour Party, who are shifting their votes to Roy Jenkins's new Social Democrats. The signal is particularly clear in the Netherlands; there the socialists lost for the second time in 1 year. The strange thing is that Den Uyl's Labor Party has gone from being the country's largest movement in the mid-1970's to the shameful rank of the Netherlands' third-largest party after having calculatedly entered the opposition.

When asked about that in Brussels, Minister Chevenement could only answer sadly, "C'est que l'Europe est a droit." [Europe is moving to the right.] Probably Guy Spitaels needs no longer to be convinced of that. In the heap of more than 300 pages he had compiled before the party convention, no less than 200 pages were amendments from the federations calling for a harder line. Thus the chairman has had to take the left side of his party, which wants to go further than the executive committee could find reason to go, very much

into account. It got its way, but not without Guy Spitaels's making sure not to rebuff the center. For it is from that center that Europe clearly wants to be governed. If it is true that in times of crisis the left becomes more leftist and the right becomes more rightist, on that former track Guy Spitaels is keeping the rudder very carefully in hand.

The Belgian cabinets in which the Socialists have participated in recent years have never been able to pursue a true crisis policy, because the Socialists themselves did not have a detailed and general alternative on hand. They shared the supple side analyses that were the positions of their coalition partner, and socialized away as many of their rough edges as possible. That caused unrest and acrimony for the coalition partner, because he himself could never progress fast enough for his own party following, and finally caused him to lose a substantial number of votes to the liberals.

Why must crisis policy be pursued? The cause is threefold: first, you have costs, which are killing business; second there is social security, which has become unsupportable in its present configuration without, however spoiling those who have any right to be spoiled at all, and third, the state is paying out almost one-third more than it is taking in, that is the problem of the public finances. That is expressed in all three indicators which are currently passing the alarm threshold: the high unemployment, the imbalance in the balance of trade and the treasury deficit.

The business world's response to this challenge, which is therefore also the response of the current Roman/Blue cabinet, is to reorganize the national activity from the ground up with regard to its priorities and interests. That is a classic procedure. The interests of a certain group in society, the strongest, is generally proposed as a technical necessity. Because the Left has scarcely come up with a different diagnosis of the crisis, it never got any further in its years in the government than to slow things down. Now in the opposition, it continues loyally to protest against the dismantling entailed by the government's measures of the social provisions which were established in the past to provide more security to those who only had their work by which to live, many of whom, therefore, now no longer have anything.

Just before the party congress, Spitaels himself declared Saturday that it is impossible that his party should enter the government soon. In everything he gives the impression that he had rather just let the bad weather of the present pass over, and that he is instead busy working for the not so immediate future. While the Right exhausts itself in the government and the [F.V. Belgian General Federation of Labor] joins in a withdrawal program which seems to be not at all unwelcome to Spitaels, he seems to be completely at home in the wilderness through which he is passing in no hurry at all. In the intermediate term, then, Renover et Agir is not a governing platform. But it is a forum upon which a Walloon progressive majority can form.

For the first time since the combined ideological congress of 1974, the Walloon Socialists met last week to talk about their doctrine. That doctrine is no longer the Keynesian recipe of general recovery through general consumption,

and naturally it is not Martens's and Gol's new liberalism, either, but it is a third and very pragmatic course: selective response, some autocentrism in Wallonia itself, care for the domestic market. Plus dur, plus radical et plus federal [Harder, more radical and more federal], they said on Sunday. But it is not a revolutionary alternative, either; at most it is a suggestion proposed with scientific caution for the better management of society.

The Walloon Socialists' priorities can be summed up in a half-dozen points. First, Guy Spitaels proposes the establishment of an agency for the better application of energy. Only the most short-sighted members of the patronage could object to that, that is, those who earn their own money from other people's lavish spending on perhaps wrongly-chosen energy sources. By a vote of 611 to 2, the congress secondly approved a resolution calling for radical reform of the holdings, within the perspective of regionalization. Instead of sitting back miserably clipping coupons, which is what they have been doing since the 1950's, according to the Walloon socialists, the country's big money groups must be brought under public control. They must be obliged to grant their industrial subsidiaries more autonomy, and they must put their shares in the banks and insurance companies up for sale to the general public. Finally, their share of the energy sector must be nationalized. Naturally, this hardest point of the congress's resolutions will meet opposition, but certainly not from important segments of the CVP [Flemish Social Christian Party]. All over Europe there are center-rightist regimes which have taken this step long since.

A new item for the Walloon socialists is autocentrism. That means that the industrial area must become more district oriented. This is clearly a result of the ecological discussion. The Walloon Left now states that we must get away from this obsession with exports, and that such sectors as wood, agriculture and others must complete their entire process within the Walloon region. This is certainly a new accent from the veterans of steel, the ACEC motors, FN [Belgian state military weapons manufacturer] rifles and the aircraft industry. It seems as though the Parti Socialiste [Walloon Socialist Party] is now really beginning to pay attention to reconversion in its considerations, and no longer wants to fight predominantly a rearguard action for those things which once brought prosperity to the region but perhaps will never be able to do so again.

What Guy Spitaels proposed with regard to the length of the workday was nothing with which Wilfried Martens or Jean-Luc Dehaene could ever agree. In fact, maintaining the former wages would be studied on the basis of the concrete increase in productivity in the sector or in the company. If there were no improvement in productivity, then there could very well be talk of a wage reduction. Thus, Spitaels and his party are not setting themselves up as the blind proponents of maintaining any advantage whatever that has once been attained, as they are systematically caricatured to be in some Flemish press.

In November, the regionalization of the five remaining national industrial sectors was the only item Guy Spitaels wanted to discuss within the framework of the agreement. For Nothomb, Deprez and Wilfried Martens, that was

not possible at the time; in their parties there was only fragmentary support for an expansion of the constitutional reform. In part due to the contributions of the liberal vice premier Jean Gol, primarily in the area of his constituency with regard to coal in Kempen, however, this inspiration has been furthered formidably in governmental circles. Recently at the Heizel an entire CVP congress spoke out unreservedly in favor of this. The wind changed suddenly last night: thus the newly established PVV [Party of Liberty and Progress - *Liberté, Progrès*], Guy Verhofstadt, had to run to get out a concurring declaration simply to keep in step with the CVP. What we have seen here has been and more of master tactician Wilfried Martens's virtuoso forward routs. Just as he it should turn out well for him to dump the liberals, with an eye to the coming municipal council elections, he ran quickly along the wall in order to meet Spitaels in good time on the playing field which the Walloon - *Wallon* - *Wallon* had himself laid out during the fall crisis. In other words: whatever how much opposition Spitaels wants to bring up, Martens will pass it.

There have been the noises that have so suddenly been raised from within the Walloon Socialist Party, the Walloon socialist demand for regionalization of the Walloon national industrial sectors can no longer be termed revolutionary. At the PVV [Walloon Socialist Party] congress, therefore, they suddenly went further. If steel, coal, glass, shipbuilding and textiles should now so evidently be brought under regional control as far as everybody both north and south is concerned, why should we not extend that line in one effort to energy, atomic powerplants, scientific research, heavy infrastructure, agriculture and the learning institutions?

It is clear that the states that the representative movements in Flanders and Walloon can no longer talk to one another is simply wrong.

1977

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MINOR PARTIES SEEN PRESSURING JORGENSEN GOVERNMENT

PM290941 Copenhagen BERLINGSKE TIDENDE in Danish 23 Apr 82 p 10

[Editorial: "Pressure"]

[text] The social democratic folketing group persuaded Anker Jorgensen that he should form his minority government. The prime minister publicly revealed his reservations and his inclination to leave it to others to form a new government. But his party colleagues assured him that he should continue because the radical liberal party and the Socialist People's Party [SF] had urged a social democratic government. With these two parties by its side a social democratic government would be more or less secure.

However, the security to continue is growing less and less. The radical liberals and the SF have clearly shown their disagreement over the policies which should be pursued. And the government is having a difficult enough time choosing what it wants--and an even more difficult time getting what it wants when it has made up its mind. The government has put forward its March package, but it is obviously unable to reach internal agreement on when it should present the bill for this plan. Should the employment-promoting measures be implemented without a guarantee that they can be covered financially? Should there be state intervention before or after the summer recess?

It is under such circumstances that the SF is today putting forward its plan to the government. The party is expecting a reply from the prime minister next week, so that it could then be discussed at the party's congress. There are only a few reports of what the plan contains. According to Ebba Strange it will be the SF's wish that the SF wants to create new jobs without helping to create the economic foundation for them. But what is it that is really happening at the present time? What is happening is that the government is being increasingly subjected to pressure from the SF--and partly from the radical liberals, to get some compliance with their political intentions. More and more pressure is being put on ministers to get them to agree to things which would be in their own interests which the SF has chosen for itself.

When Jorgensen allowed himself to be persuaded, he should have made an explicit condition clear to his government and to his party, but he forgot it, or at least has done nothing to meet it. It is the condition that the Socialist People's Party has a clear policy and a program which it wants to have

... of the folketing, and that the consequence must be that it is the social
democrats who have to lean on their supporting parties and not vice versa. The
government will never be able to survive if it staggers back and forth in
a daze with instructions given by others. It can only have a hope of
surviving if it knows itself what it wants and is prepared to fight for that
with all the strength it can muster as a government.

If the government bows to pressure which almost has the character of an ul-
timate and which easily lead to impossible conditions, it will only confirm that
it is unable to work as a government with a sense of responsibility.

1907

PAPER QUESTIONS MINISTER'S DECISION TO DROP SPY CHARGE

Copenhagen BERLINGSKE TIDENDE in Danish 20 Apr 82 p 8

Editorial: "A Little Fish"7

[Text] In a democratic society one is free to carry out political and propagandist activities even when the goal is to undermine the national security policy. However, it is dangerous to fraternize with foreign diplomats in order to get support for such efforts and it is especially dangerous if the foreigners in question are representatives of the intelligence service of their country. Of course it is the duty of the authorities to keep an eye on things and discover if foreign agents are working under cover of diplomatic immunity in ways that are in conflict with the conditions under which they represent their countries as diplomats and the authorities are obliged to step in if they commit an infiltration leading to a violation of the law.

Surely no one would deny that the Justice Ministry is correct in saying that three successive members of the Soviet Embassy staff in this country were working for the KGB and that all three were in close contact with author Arne Herlov Petersen who was detained on charges of violating national independence and security. There can be no doubt about the job assignments of the three Russians. It is less certain to what extent they succeeded in carrying out their assignments. Their methods were the ones tried so often in this kind of affair--winning over an assistant with the help of gifts. It has been disclosed that Herlov Petersen received gifts worth many thousands of kroner or, more accurately, rubles. It has also been disclosed that the Russians made great efforts to keep this contact with a Danish citizen secret. The question is whether Herlov Petersen did anything in return for the friendliness shown him by the Russians. And the most important question is whether the Dane put himself into such a position of dependency that at some time or another he could have been really useful to his Soviet friends. That was undoubtedly the goal of the KGB agents.

The Justice Ministry's decision to drop charges will annoy not only those who have always regarded Herlov Petersen as an innocent and persecuted man but also those who believe that intelligence people have been too quick to see traitors where none existed. The only thing to say in response to that is

that it is the duty of the authorities to keep a watchful eye on the activity of foreign agents and that Danes who fraternize with them are running a risk. Even though in the words of Ole Espersen there were insufficient grounds to bring charges, it can be stated that there were sufficient grounds for the investigation that revealed Herlov Petersen's unusual contacts with the Russian Embassy. He did not commit any serious violations and perhaps would never have done so. But he ran a risk and the affair should serve as a reminder that forces with dangerous goals also operate in Denmark. Arne Herlov Petersen was a little fish not worth catching. But can we believe that there are no bigger fish swimming around?

1-18

CSO: 3106/103

LAJOINIE ON PCF ELECTION STRATEGY, CONSTITUTIONAL COUNCIL

Paris LE JOURNAL DU PARLEMENT in French 1-15 Feb 82 p 5

[Interview with Andre Lajoinie, member of Politburo and Central Committee, PCF and president of Communist group in National Assembly; date and place not specified]

[Text] Andre Lajoinie is a farmer. A member of the Communist Party since 1948, of the Central Committee since 1972, and of the Politburo in 1976, it is completely natural for him to take charge of the French Communist Party's [PCF] agricultural section. Wasn't Andre Lajoinie manager of the weekly LA TERRE? Elected Communist representative from Allier in 1978, he quickly became vice president of the Communist group in the National Assembly. A native of Correze by birth and at heart, Andre Lajoinie remains very attached to his roots. He is currently president of the Communist group in the National Assembly.

[Question] Mr President, why didn't the Communists present any candidates in the last elections?

[Answer] We did not present any candidates, that is true, but this was an exceptional situation. There were several reasons for this. First of all, there were the unseated Socialist representatives for whom our voters had already voted! To some extent it was a third round. Then, with the opposition running a single candidate, it was preferable to present just one candidate from the Left. We didn't want to be divisive. Besides, no one can reproach us for not having supported the Socialists, since we participated in all the Socialist Party meetings and even organized meetings ourselves to support the candidates of the Left. The Socialists recognized this completely.

[Question] Do you feel that the results of these elections are a warning to the government?

[Answer] As far as voter abstention is concerned, nothing indicates that it was higher among Communist voters than among non-Communists. Take, for example, the 12th Arrondissement electoral district, where the PC's influence

is very weak and runs around 6 to 7 percent. Abstention there during this partial election was totally in proportion to that of the other districts. There was reserve on the part of leftist voters; that is indisputable. Why? Because they want change; more quickly, more specifically, and more strongly expressed. This was, in fact, a warning.

[Question] To political observers, however, it seems the Communist Party no longer has the attention of the people which it still had a few years ago.

[Answer] It will be seen very quickly that the Communist Party does not hesitate to run candidates, since we, our candidates, already are ready for the canton elections. In the second round they will vote for the Leftist candidate in the best position, and we have a good chance for our candidates to be elected, because our party defends the workers. Do not forget that we played a decisive role in the victory last spring. Today we remain the most ardent supporters of reform and of change, which must be accomplished quickly and well. Decentralization will give us more power to start with, and it strengthens us in our idea of electing Communist representatives--all the more so since the electoral law is not in our favor. There are not yet enough Communists in the general councils.

[Question] It is said that a split between the Communist Party and the Socialist Party is inevitable, whether it comes from one side or the other.

[Answer] I can tell you that it is not our intention to leave the government, and that we are even in the government for the long term.

[Question] Communist ministers have the reputation of taking their jobs seriously; why the discord with the CGT [General Confederation of Labor], a Communist allegiant which is attempting to stir up disorder?

[Answer] That is an inaccurate view of things. The CGT is a union which is independent of the state and of management. It pursues its activities as its members desire, but you mentioned the good conduct of Communist ministers, and I can tell you that we are supporting the government's activities while maintaining our right to amendment. We are still pressing in the direction of change. Our action in Parliament is effective. All the draft legislation bears the imprint of our party. Of course, not everything is accepted, but our intervention is effective.

It was in this way that I reached during the presentation of the budget to the taxing of small wage-earners. A million small taxpayers were exempted due to my intervention.

[Question] Mr President, the Socialist Party protested the decision of the Constitutional Council on the nationalizations. What is your opinion on this subject?

[Answer] As a matter of fact, there is an obvious discrepancy between the votes in Parliament, which express the will of the country, and the votes of the Constitutional Council, which claims the right to veto legislation

that has been voted for. This is an exaggerated claim, as the judgment of the Constitutional Council is not even justified. The problem of reforming the Constitution is a subjective decision, and cannot be settled in the immediate future. It would be desirable to amend Article 16, which gives excessive power to the Executive and the method of designating members of the Council. If Parliament is led to vote for additional expenditures, we think that this expense should be covered by taxes on wealth and big companies, or even by increasing taxes on stock exchange gains, since this decision has enabled some stock specialists to do very well.

[Question] The Worker's Force has just published a report on the conduct of the Communist Party within administrations, particularly on those ministries headed by Communist ministers. What is your feeling on this report?

[Answer] I can tell you that there is nothing to this report. It is absolutely insufferable that Andre Bergeron, the origin of whose power is known, should be instructing us. It was in fact through CIA maneuvers that Andre Bergeron caused the split which enabled the creation of the Workers Force. We are beyond reproach. An established fact which we must never lose sight of is that the Communists are isolated from the apparatus of state and are insufficiently represented in all areas of the administration. We are therefore obliged to see that there is nothing to this report. Andre Bergeron is indulging in true political racism, as his action tends to say that the Communist Party, whose membership includes 4.5 million Frenchmen, should be eliminated from responsibility for the nation.

9693

CSO : 3100/468

DEVELOPMENT POLICY, AID TO VIETNAM QUESTIONED

Rotterdam NRC HANDELSBLAD in Dutch 1 April 82 p 3

[Article by Marjanke Spanjer: "CDA Demands PvdA Support for Policies of its Minister Van Dijk"]

[Text] The Hague, 1 April--"The situation in Vietnam has not improved and as part of our supervisory responsibility we would like to hear from the minister how the development projects comply with the agreement with the Second Chamber to limit the assistance program to humanitarian assistance." Those were the words of H.B.J. Aarts (CDA [Christian Democratic Appeal]), chairman of the permanent Chamber Committee for Development Cooperation in connection with the committee's discussion with Minister Van Dijk (Development Cooperation).

Today Van Dijk was grilled about the extension of assistance to Vietnam on the university level which is going to cost 7 million guilders over the next 3 years. In 1979 when the Vietnamese invaded Cambodia it was decided to limit assistance to Vietnam to purely humanitarian projects. This means assistance in kind, food, clothing, and medicine. In spite of the promises of De Koning, who was then in charge, a program of cooperation between universities began in 1979, obviously outside normal channels; the Second Chamber was therefore not informed.

Burden

According to Aarts who belongs to the same party, the Second Chamber did not bother Minister Van Dijk very much since the "affair about his unsavory past" which badly hurt his political influence.

Outside the Chamber a host of rumors is circulating about one policy change after the other: he is not doing enough about blocked cash funds and a freeze on the reservoir (unused but earmarked funds totaling 1.5 billion guilders), he is reluctant to honor the problems of participating organizations, and he finds--just as Prime Minister Van Agt--the problems of trade and industry more impressive than those of developing nations.

Aarts says: "Nobody seems to know that Minister De Koning was also confronted by blocked cash funds and a freeze of the reservoir of funds. But he took care of it without much fanfare." Aarts is somewhat irritated that the

participating organizations, especially the Novib, are apparently exaggerating the matter of blocked cash funds. "They do not have a reservoir of earmarked funds at all and are hardly suffering because of Van der Stee's measures except if there are erratic expenditures, and if budgetary limits are badly violated."

Aarts has the impression that the Novib, rather unhappy with the minister's political background, is not just judging him by his actions, but constantly trying to aggravate bad feelings in leftist circles.

Aarts is convinced that even if Van Dijk had become minister in an entirely different period "he would have tried to reach the development goals with the help of trade and industry." Van Dijk respects the importance of economic structures and strongly believes in the capabilities of Dutch enterprises to promote developing nations. The CDA fraction is irritated about criticism from PvdA [Labor Party] circles about "commercialization of development assistance."

Aarts: "To what extent this assistance can benefit Dutch trade and industry is a problem forced upon us by the entire cabinet, including therefore Den Uijter and Terlouw. If the PvdA does not agree, its fraction should act accordingly and dismiss the government."

Harbers:

On the question on the level of involvement by trade and industry has just been discussed. The CDA fraction agrees that the Netherlands is looking for new areas in non-traditional areas. Aarts says: "We have got to do this to relieve the pressure of the economy. If one is unemployed in this country one must be inclined to be in favor of development assistance. We must fight for the ability."

Harbers can tell if Van Dijk has followed a good development policy. The success, because of the steps taken by the ministry of Economic Affairs, will mainly depend on four elements: whether the ministry succeeds in enlarging development assistance from cuts, whether it manages to give more funds to participating organizations in 1983, whether the link with trade and industry will assume, and finally whether it manages in a decent manner the "deepseated" problem, according to Aarts, the National Committee of Information and Conscience Awakening for Development Cooperation), i.e. while maintaining the confidence of interested parties.

POL. HOLDS PSOE RESPONSIBLE FOR LEFTIST LOSS IN ASTURIAS

MADRID MONDO OBRERO in Spanish 2-8 Apr '82 pp 10-11

[1982] It is difficult to understand what has been happening in Oviedo during the past few days. Owing to the intransigence of the PSOE [Spanish Socialist Workers Party], which wanted to prevent the PCA [Communist Party of Asturias] from having any participation in the principality's government, at all costs, the result was that the presidency of the assembly was "won" by UCD [Democratic Center Union], with the aid of AP [Popular Alliance]. It was a minority solution, because the left had a majority: 24 for the PSOE and seven for the PCA, as compared with 23 for UCD (it later lost one) and three for AP. The PSOE did not pay heed to the logic of reasons. Its obsession for not agreeing to negotiations with the PCA caused it to lose the presidency. It proceeded to put the Communists in a corner, and to continue appearing impervious to the logic of the occasion. The programs of the various parties were submitted. The most appropriate one, generally recognized as such, was that submitted by Gerardo Iglesias, on behalf of the PCA. But the PSOE's position did not change; it had to yield to its visceral position against it. After a great deal of discussion, there was no solution. We therefore accept from the PCA program, so that our readers may understand the situation. In our next issue, we shall report in greater detail on the consequences of this position of the PSOE, and the correctness of the PCA's position.

Activities Calls for the Cooperation of Everyone

We are reprinting below the initial speech in which Gerardo Iglesias, secretary general of the Communist Party of Asturias, and that party's candidate for the presidency of the Government of the General Junta, explained the reasons which warranted the Communist candidacy and the PCA's presence in the government of the Principality of Asturias.

The Communist leader remarked: "First of all, I must state that particularly unique and exceptional factors are present in this act of investiture of the first president of the Council of the Principality of Asturias. We are confronted with a 'council' of men, the composition of which is not the explicit result of elections but of a political process. The correlation of forces emerging from the popular elections that have mandated the representation of this chamber was later changed, to the detriment of the minority groups. Also, no group in this Junta has offered, by itself alone or in a coalition with others, a majority sufficient to

loss of the governability of the principality; something which contributes another angle factor."

Gerardo Iglesias subsequently made it clear that the Asturian Communists "could not accept the role of impassive spectators in this act, which is as disturbing as it is all-important; because we have devoted all our effort to achieving a policy of solidarity in this constituent process for the principality. We have offered our faithful cooperation, and I reiterate it here, for the formation of a stable government. And, honorable sirs, the fact is that the two majority parties have converted this act into a sorry manifestation of lack of solidarity and lack of capacity for regional government.

"The UCD has made a government of regional unity impossible, in complete contradiction (it must be said) to its own recent analyses of the real situation of the principality which had, for example, advised the signing of the Solidary Accord. The PSOE, for its part, has disclosed to us a panorama of likely misgovernment, by disclaiming the coalition with the PCA, even after have repeatedly received demands from the UCD.

"Furthermore, Messrs Deputies, I think that the appearance of a Communist candidate at this act of investiture brings an element of clarification, as fundamental as it is necessary, for the region's present and future. It will dispel harmful illusions in a party which, disregarding the simplest mathematical calculations, feels that it possesses the authority to govern the region of the Principality of Asturias alone. Why is it impossible to talk of a one-color government when, in this General Junta, there is no party with a sufficient majority (and not in the computation of the popular votes either)? Or does the Socialist Party, with its ambition for power, believe that it has the right to possess the wishes and the votes of other parties?

"Be that as it may, that method of procedure is not helping to normalize parliamentary activity in Asturias, but quite the contrary.

"Communist comrades should accept with political grace and democratic precision the fact that, in the region of the Principality of Asturias, they comprise the first party, not the majority party. The majority is the left, which includes the UCD. So, if they want to exercise that majority, they will have to count on the Communist Party. If they refuse this, there are two courses of action left: the alliance with the right, or misgovernment.

"Let it be made clear: The Communist group will not surrender its identity and independence to any other party. But it will always be willing to put its entire energy and creativity in the service of a government and a program for an Asturias which calls for the cooperation of everyone."

Among the main features of the extensive program submitted by Gerardo Iglesias in this first advance report we can point out, on the one hand, his concept of program proposals resulting from the preliminary overall analysis of the Asturian reality, as well as his view of autonomy aimed, on the one hand, at the construction of a more democratic and modern state, eliminating the traditional centralism and, on the other, at the recovery of the region's identity in its various components.

The program proposals were grouped in six units: the formation of the new regional administration and the policy of transfers, the arrangement of the territory, the plan of action in the area of regional infrastructure, a new orientation and development for the economy of the principality and a cultural policy for the recovery of everything that is specifically Asturian.

A New Regional Administration

Its goals were, on the one hand, integration of the current groups of public officials without trauma, combined with an effective management of public services, which the Communist leader detailed in the various areas of administration.

On the subject of transfer of services and assumption of authority, Gerardo Iglesias established in the PCA program some political principles which should govern the work of the joint commission and the content of the transfers; also announcing the sending to the Cortes of an organic bill on delegation or transfers which would grant the Principality of Asturias authority in education, in labor affairs, in legislative development and in social security.

After citing the enormous social imbalances that exist in Asturias, he underscored the need for a new arrangement of the territory which would include a streamlining of the district capitals and various measures involving planning and coordination of the town councils' assistance funds.

He mentioned the need for voluntarily creating various associations among different local administrations, groups and consortiums, in order to achieve improved economy in resources and services, without harming the local autonomies. For this purpose, he announced the proposal of laws that would regulate the actual participation of the town halls in the activity of the General Junta, as well as the delegation of the appropriate administrative authority to the town councils.

Discussing the urban development requirements, he announced that his government would undertake to devise a territorial coordination master plan, after consulting with the General Junta, town halls, professional associations, etc. In the absence of this, he proposed the division of the principality into four zones, for urban planning purposes only: the central, eastern, western and coastal.

The Infrastructure Needs

The different features of the regional infrastructure problems were examined: highways, railroad, ports, land and air transportation, meteorology, electrification and public telephones.

He stressed the communications problems in Asturias, despite the fact that it is the peripheral region of Spain closest to Madrid, after Valencia, in an area of maximum economic activity, near the Basque Country.

In the opinion of the Communist leader, among the fundamental features that would have to mark the new Asturian economy is a strategy toward unemployment, readopting and intensifying the solidary accord; as well as measures aimed at streamlining more developed economic activities, with serious internal imbalances affecting mainly the iron and steel industry, mining and ship construction.

Gerardo Iglesias also cited the need to foster activities which are only slightly developed, balancing the Asturian productive structure in areas such as housing, agriculture, fishing, tourism and the light manufacturing industry.

He emphasized the need for a transformation of the Asturian rural areas, with an exact timetable for the reorganization of the livestock industry, in view of a predictable entry of Spain into the Common Market.

Finally, he claimed that Asturias has a group of specific assets which make it a differentiated community, and he considered an autochthonous cultural policy to be essential.

He concluded his remarks on the government program with a group of proposals aimed at a new quality of life for the citizens of Asturias, divided into the following categories: health, ecology, consumer protection, social services, youth policy and citizen participation.

2909

CSO: 3110/119

CARRILLO DISCUSSES POSSIBILITY OF LEFTIST FRONT

Madrid NUESTRA BANDERA in Spanish Mar 82 pp 6-9

[Article by Santiago Carrillo: "The New Political Formation"]

[Text] To assume a position, at the outset, in the terms in which I bring up this issue, I shall say that I interpret "new political formation" as that intended to perform two tasks that I consider essential: the first and principal one being the elimination of the division of the 1920's between Communists and Socialists; and the second, the incorporation of the traditional mass movements and the new mass movements of a progressive nature into a mutual plan for changing the society, without losing the features, autonomy or specific quality of each of the forces which, as I see it, should participate in this "new formation."

It would involve the construction of the organizational and political base of an extensive historic bloc, capable of promoting a new culture of peace, humanism and cooperation among peoples, on an equal footing, and insuring the democratic transition of the capitalist society in a state of crisis to a free and open socialist society.

As I understand the issue, Marxism, accepting the creative contributions made after Marx and Engels themselves and the need to continue their development, would have to be the fundamental starting point for that new culture, without underestimating the necessary contribution from other schools of philosophy.

When we cite the need for "a new political formation" at a time like the present, a first question arises: Is that not a way of putting on record the failure of the present political parties?

Today, both in Spain and outside of it, political parties are being subjected to serious challenge. I am not referring to the incidental challenge associated with one individual feature or another at a particular time relating to internal operation or the political position taken toward an issue by one party or another. These are normal phenomena in the internal dialectics of the parties, and the approach to them changes on the basis of one historical circumstance or another. Nor am I referring to situations such as that of the Italian Christian Democratic Party, for example, wherein the corruption has become, rather than a nuisance, a cancer that is eating away that party.

The challenge to the parties and to their shortcomings, if it appears to be an overall condemnation of them, can sometimes assume the guise of a defense of the role of the individual, his liberty and his independence, a kind of glorification of liberalism at all costs, to an anarchistic extent; or else a desire to assign to new social movements with a sectorial design that does not embrace all of the society's problems a leading role apart from, and even above the parties, on behalf of the fragmentation of the society and of a certain concept of liberty.

But whatever the subjective desire of those who make the challenge from this standpoint may be (and we must start based on the principle of their intellectual integrity), in the present society, divided into classes and subjected to a deepseated crisis, the total challenge of the parties turns into an objective defense of totalitarian solutions.

In Spain, where we have just experienced a 40-year dictatorship and the parties are just beginning to move about, this is even more obvious than in other countries. Here, it is more than evident that the only substitute for the democratic system of parties would be a totalitarian dictatorship.

In my opinion, the political parties, with their flaws and their virtues, are fundamental instruments in the functioning of democracy. This is fittingly acknowledged by our Constitution, and to me that is a basic affirmation.

This means, therefore, that the concept of "the new political formation" is by no means a retort or a challenge to the political parties, whose existence I deem indispensable, but rather the result of new historical requirements which do not eliminate, but do exceed the potential of the present parties.

The experience of this period of world crisis, and I am not referring to the economic crisis alone, has shown that the government of a single party is tolerable in only a very few Western countries. Even in the countries with a traditional two-party system, and with majority electoral systems, the system of interparty coalitions is prevailing as a method of government. The instance of France, where the Socialist Party has a very solid majority in Parliament, would not have occurred without the French Communist Party's backing for Mitterrand.

And in the East European countries, where the single party system imposed by means of revolutions functioned at a certain time in history, it is also becoming evident that this system does not allow for collective popular participation. It has entered upon a more or less serious crisis, depending on the individual cases (we need not mention here the process of renovation in Poland), and requires unquestionable democratic amendments. In fact, the idea that a single political party is the reflection, not of the society as a whole, but rather of the group of classes and strata interested in the revolution or in the renovation of the society, and reflects the latter's plurality in its functioning, is essentially an idea with which the concept of the single party fades (although it may at times do so imperceptibly). This concept may on occasion be germane not only to the parties which really act as single parties without an actual political opponent, but also to the parties which act with legal political opponents, and the system of parties wherein the idea may also arise within a political party that it is the solution for all the problems.

In some Western countries, backed by the contrivances and bonuses of sophisticated electoral systems which, in the United States, for example, allow a president to be endowed with all powers when he has only 20 or so percent of the electoral vote, we have seen the alternation in the government of two major parties which, in a cyclical manner, at a given time, conveyed all the dissatisfaction, but only in a cyclical manner, while in the following elections the latter was conveyed by the opposing party.

Neither of them has managed to become consistently identified with the society and the state; and this is no coincidental accident. I believe that it relates to essential sociological phenomena.

In old Russia, after the downfall of tsarism and the "debacle" of World War I, one party, that of the Bolsheviks, succeeded, over the short term, in becoming identified with the desires of the most dynamic sectors of the society, and winning power by force. But, I repeat, those are cyclical phenomena in history, even though they may last.

The fact is that a political party can personalize the aspirations of a class or sector of society, or of some stratum; and the society as a whole, in an enduring fashion, and even the combined renovating forces in it, are represented more or less completely by the political parties as a whole, or a group of them.

Therefore, not only their programs but also the internal functioning features of the parties are influenced in a very decisive manner by the social sectors whom they represent.

It is obvious that a party which depicts itself as interclassist will have to accept the pluralism of the organized movements, in order to maintain its balance and a minimum of internal consistency; whereas in a class party, a Marxist party (which cannot be interclassist but which includes individuals or groups coming from other social classes, based upon their commitment to a class policy and ideology that identifies them with the workers), the organized movements would end up perverting it and disintegrating it.

Therefore, I wish to make another assertion: The new political formation, although it may include them, allows for the maintenance of the Socialist Parties and the Communist Parties as such, with their own features, as well as other political and social groups that may join the plan.

With this "new political formation" what we are repudiating is an idea which had a great audience in the labor movement and which, in Catalonia, during the 1930's, even culminated in the creation of a united party including Communists, Socialists and other groups of a Catalanian national socialist persuasion.

History has shown that this formula of a unified party which, without doubt, played a major role over the short term, is not a lasting formula; because the differences among the parties of the working class (which I think must be surmounted) are deepseated differences, with their roots embedded in history, in different theoretical and philosophical concepts, in different party concepts which cannot be overcome and which will last for a long time.

When we discuss the issue of the surmounting of the split during the 1920's, it becomes obvious that there were deepseated reasons for that split between Socialists and Communists. Those reasons stemmed from the fact that the Socialist International, in which all the Marxists were united before World War I, when faced with the threat of world war, assumed the position of combating it and preventing it, even resorting to a general strike transcending borders. But later, the majority of the leaders of the International parties, rather than being faithful to the commitment that had been made, in fact merged with the imperialist bourgeoisie in each one of their countries, dividing the labor movement and fostering that first dreadful world slaughter.

In this connection, as a Communist, I do not disavow that historic root which brought about the advent of my party; just as I do not disavow another fundamental aspect of that history, namely, the division which occurred between Communists and Social Democrats concerning the October Socialist Revolution. At this point in history, I still feel fully identified with the position of Lenin and the Bolsheviks on an historical occasion which has been decisive for the entire process subsequently pursued by society.

In other words, we have roots, just as the Socialist comrades have theirs. Although we do date back farther in time, it is clear that, to some extent, the task of overcoming the division of the working class must lead us both to a search for the common roots of that International which condemned the imperialist war and which called a general strike to prevent it.

Those historical roots, combined with an entire tradition, are what have prompted the Communists to conceive of their party as a party of struggle; as a party which does not serve only for the conditions of democracy and legality, but must also serve for the conditions of illegal struggle, when the social situation forces it to, for the struggle in all areas, for democracy, for liberty and for socialism.

But that root difference even in concept of a party does not change the fact that, from the 1920's to the 1980's, which we have entered, all-important changes have occurred in the world which a Marxist cannot fail to take into account or bury under the weight of ideas and concepts that might have had justification at other times, but that would now actually be dogmas, and in this period of deepseated transformations dogmas do not have a lasting life.

And what are the fundamental changes (I shall not cite all of them because the list would be endless) that a Marxist must take into account?

Obviously, we Marxists do not share a determinist economic concept (and this is a criticism which has often been made of us unfairly). Nevertheless, we know that the main driving force for all the development in history is progress and growth in the means of production. This is the starting point for all historical development. This growth and development of the means of production produces the various classes that history has known; the classes are not independent of the means of production, but come into existence with the development of those means. And during this period a qualitative revolution has taken place in the development of the means of production. I am not thinking about information science, although it is a very critical factor for the transformation of the means of production

during this period. Along with information science, I am thinking primarily of the discovery of that new energy which has posed so many problems for the modern world; so many and such serious ones, even in the realm of peaceful uses: namely, nuclear energy.

Because in discovering nuclear energy, man has perhaps (history will tell us) acted as the sorcerer's apprentice; or, if man does not lose his head and knows how to control himself and to control that energy, he may have found an instrument which could also prove decisive for progress. Both possibilities are included in that discovery which has not revolutionized military technology alone, but which could revolutionize, along with information science, all modern technology, and hence social life.

If Marx and Engels, in their time, thought that a war between France and Germany could produce a revolution; if Lenin, before World War I, thought that the conversion of the imperialist war into a revolutionary war could bring about the victory of the revolution, and actually did bring it about; if, even in World War II and since it, deepseated revolutionary changes have taken place in the world, the radical change that has occurred is that, from a World War III, which would be a nuclear war, no victory of any revolution could result.

In other words, no plan for a revolutionary transformation of society should count on the fact that, as Marx, Engels, Lenin and other Marxist theoreticians claimed, the revolution could result from the war. From the war there could result what Marx and Engels, in the Communist Manifesto, and Engels later on, inferred upon analyzing the theory of violence in history: The opportunity afforded by a new war is not that of the victory of the social class, but rather that of the destruction of the two social classes.

And consequently, the proposal for socialist change of the society today cannot be made as it was made 50 years ago. It must be made on the basis of a reality which is here, and which the advocates of socialist transformation must not only take into account, but also attempt to theorize; because what we cannot give up and do not give up is the socialist transformation of society.

Along with this change caused by the development of the means of production, it so happens that the socialization of the economy in the capitalist countries themselves has been reaching levels which we often probably do not perceive sufficiently.

But are there any more developed socializing social and economic systems today (I shall give a little explanation so that there will be no confusion) than the large multinational corporations?

Actually, the large multinational corporations which are currently exploiting the world market, and which determine it and impose conditions on it, are objectively prepared for the advent of a world government that would control and use them, not as a means of exploitation for the benefit of individual groups, but rather as an instrument in the service of society.

Actually, at the present time the large corporations, the large economic entities, relate far more to what a socialist economic structure should be than to what a capitalist economic structure should be.

We are in a society wherein the state (in other words, all of us) are in fact subsidizing with our taxes the creation and maintenance of those large multinational or national corporations, which could not exist or function without our money, not as consumers, but as taxpayers.

An economist who cannot be labeled Red (although, in his country, the McCarthyites and Reagan's friends consider him a Red), Mr Galbraith, says that the economic systems which the corporations are adopting in the large capitalist countries are actually socialist systems insofar as their structure is concerned, although not where the destination of their profits is concerned; systems which are already prepared for integration into a socialist type of society.

Moreover, the development of the means of production (a qualitatively new development) is either controlled by the society (and society has no way to control it other than the socialist way), or it will lead to the inevitable spread of the phenomenon of unemployment during the coming years. So a large part of the active population will not find a job as a result of the development of the means of production itself, if the principle of individual benefit which governs the economy is not replaced by the principle of collective interest, social interest.

In other words, on the one hand the means of production, and on the other hand the development of the economic structures, indicate the need for deepseated socialist transformations in today's world. And in view of those objective elements which are present in the current society, there is a need to create what we Marxists have termed and still do term the subjective factor, the political instrument.

Now then, the political instrument capable of organizing and directing that transformation in the political and social realm today is no longer a single party which, at a time of social crisis, proved capable, over the short term, of interpreting the sentiments of the most dynamic forces. It must be a group of parties with a socialist tendency, which really have the backing of the majority of the population. Furthermore, it must be a group of parties and movements which cannot be lacking social forces such as the trade unions, the cooperatives, the ecology and women's movements; in other words, the new social movements which are arising and which carry weight in the society.

The question is how to undertake the task of creating that instrument.

It is not easy, if we observe the conditions currently existing in Spain; it is not a task from now until the next elections. However, it is a task which the forces with a socialist plan, in Europe, and hence in Spain, should propose for themselves in these last decades of the 20th century. They should propose it for themselves and resolve it; because if we are not capable of creating that new political formation which would be the valid instrument for social transformation during this period, mankind will be faced with some very difficult situations.

The issue is creating that new formation with respect for the philosophical differences, the theoretical differences and even the differences in the concept of parties among each of the forces which join this common socialist plan for democratic transformation of the society.

In my opinion, the starting point must be that new culture which I mentioned previously: a new culture that will help us, both Marxists, to begin with, and all the advocates of social transformation, to foster a highly creative attitude in the realm of theory. This new culture must also be enhanced by contributions with a religious origin which, without being specifically Marxist, could in fact be made to the area of scientific socialism, as is happening in this country, where there are Christians in the Communist Party, the Socialist Party and other parties which are even formally situated "more to the left."

In other words, it must be a formation which, capable of devising a plan for socialist transformation, will respect the individual features of each of the forces comprising it; and, obviously, while I mention parties, there is all the more reason to include the trade unions and the new social movements.

This may perhaps seem utopian today; but I am convinced that either the vanguard forces of European society will be capable of undertaking this plan, or mankind will find salvation difficult.

Under the present conditions, does not the dissolution of the military blocs seem utopian to all of us, when we observe a race for the expansion of the blocs, which we are experiencing in our own country?

For that reason does not the liquidation of the military blocs seem utopian today? Nevertheless, either we achieve the liquidation of the military blocs, or the military blocs will liquidate us, and liquidate each other, mutually.

Does not the idea of nuclear disarmament and general disarmament seem utopian today, when we are experiencing a furious arms race; when we know that many of the best endowed brains are engaged in making the weapons of destruction more sophisticated; and when we know that, while a large portion of mankind is living in poverty, vast sums are being spent which would unquestionably solve the problem of hunger and the quality of life in the world?

However, either we succeed in destroying the arms, either we achieve disarmament, or the arms will destroy all of us.

We are on the brink of what should be a fundamental historic change and a new culture. Either we succeed in creating the conditions for that historic change, either we succeed in developing that new culture or, if we keep the old culture (and when I speak of the old culture, I am not referring only to the old capitalist culture, for I would also mean what there is dogmatic in the old Marxist culture), it will be very difficult, if not impossible, to insure that mankind will continue its progress forward.

Hence, we are confronted with an historic necessity.

Does this have anything to do with what constitutes the everyday concern of many of the citizens of this country and the citizens of Europe? Ostensibly, one might think that it had nothing to do with that. Nevertheless, we must not associate the problems of unemployment, crisis, corruption, the threat of war and the confrontation of the blocs with old concepts, but rather with this effort to create a new culture, an effort with which the concept of a new political formation is associated.

2909

CSO: 3110/119

PAPER SEES ENVIRONMENT PARTY AS KEY TO POSSIBLE PALME RULE

Stockholm SVENSKA DAGBLADET in Swedish 13 Apr 82 p 2

[Editorial]

[Text] The Environment Party has held its national congress in Sundsvall. Naturally enough, the SIFO [Swedish Institute for Public Opinion Polls] finding of the Environment Party's increase by 1 percent to 2.5 percent was received with great joy. Whether that surprisingly high figure will stand up when more people have found out the positions that the party takes on the issues--populistic and unrelated--is highly uncertain, however.

But let us speculate for a bit to try to make clear the need for the Gahrtonists to give precise information to the voters whose support they are seeking. Assume for the moment that the VPK [Communist Left Party] should drop below the 4-percent mark and the Environment Party, against all odds, go above it. And assume further that the Social Democrats do not by themselves reach the necessary 175 seats, but are ready--if some party gives Palme its support--to form a minority government.

Is the Environment Party that party? Is Per Gahrton the one who is to lead Olof Palme back to the prime minister's seat?

That is really a question that is of general interest and to which the Environment Party owes its potential voters an answer before 19 September. For it is a fact that a very large part of the Environment Party's presumptive voters, as was the case with the Stockholm Party's share in the last election campaign, definitely come from the Liberal Party and the Center Party.

Is it the intention of these Environment Party voters to reinstate Olof Palme in the prime minister's post? If not, is it perhaps nevertheless the intention of the former Liberal Party member Per Gahrton?

8815

CSO: 3109/146

ENVIRONMENT PARTY HOLDS FIRST CONGRESS, SEES RIKSDAG SEATS

Stockholm DAGENS NYHETER in Swedish 10 Apr 82 p 6

[Article by Ake Lidzell]

[Text] "I want the Environment Party to threaten the established parties and force them to deal with vital issues," said Sylvia Johansson from Vastervik when she arrived at the Hedbergsska School in Sundsvall as a delegate to the first national congress of the Environment Party.

Snow and ice delayed the arrival of delegates from all corners of the country and many people in line to the registration office were wearing fatigues with backpacks on their backs. When the sessions began at 1400, only 160 delegates had arrived. Among those missing was Per Gahrton who had car trouble in Uppsala and continued by train.

Many had their children along and there was a family atmosphere from the beginning with hugs and kisses. Some reporters also shared the enthusiasm.

"This is the only party I vote for wholeheartedly and without reservation," said Marianne Aurell-Hellstrom, who drove from Umea with her husband Esbjorn and their small daughter Liv. The two parents practice intellectual professions, like so many others at the congress.

Inexpensive Congress

The snow contributed to a certain irritation toward Sundsvall as the location of the congress. Many had preferred the Malar Valley region, but the party favors decentralization, among other things, and there is a strong group in Sundsvall that worked hard on the preparations.

This is an inexpensive congress. Group accommodations are available in the gymnasium of the Hedbergsska School or at the youth hostel on the mountain and meals taken at the school cost only 165 kronor for 4 days. Green name tags indicate that the wearer desires vegetarian food. The dances are free, as is the excursion on Sunday to a goat farm belonging to one of the delegates.

But there is little time for excursions. Members must be chosen for committees,

260 motions must be dealt with, and the party platform must be written, including such points as democracy, peace and defense, energy, economy, agriculture, forestry, and equality,

Demonstration

"We also hope to have a little fun," said Inger Paulsson, convener of the political committee of which Per Gahrton also is a member,

The most important event on the program will be a demonstration on Saturday with a meeting at the town square.

Over 3,000 members are reported to be registered in the party and 165 have taken personal loans for 5,000 kronor each to donate. Recently the party has had to hire several officers as part-time employees. Still, documents for the congress were not published in time.

"IMU (Institute for Market Research) studies show that we are supported by 4 percent of the voters and we are growing each day," said Inger Paulsson, a social worker on leave from Ostersund. Her political involvement began when she was working at the Hinseberg Womens' Prison.

"The Liberal Party has a good social program, so I joined that party but soon discovered that, like the other parties, they do not act according to their party program. But the Environment Party will do just that!"

Inger Paulsson was asked to name the most important issues of today.

"Democratization, so that ordinary people have more of a say. It is also important to have more feminine values in politics--to take care, to look after."

"We are for such things as the 6-hour work day, preferably with a corresponding cut in wages."

Employee Funds

"We are against qualifying days for sick benefits. That would save only 1.4 billion, while stopping the JAS air defense system, for example, would save 26 billion."

"We will discuss employee funds at the congress. The risk involved in them is that one power center may be exchanged for another."

Inger returned to the funds in her opening speech during the general debate.

"Instead of employee funds, we are proposing the establishment of alternative municipal funds to facilitate small-scale production and cooperative companies."

The difference between us and the parties in parliament is that we do not put economic growth in the forefront. We do not want the economy to grow at any cost.

Ward: ...

Our 1977 manifesto was ... and sat with buttons displaying the party symbol - a yellow dandelion. "Our symbol is the dandelion because it is yellow like the sun, spreads with the wind and by its roots, is good to eat and drink. But it is considered a weed by the world of technological growth, which despite its poisons has been unable to eradicate it. It even grows through asphalt."

After the first ... intense debate, a motion was made to adjourn. One ... said, "Finally, in order to save time, let us have a few minutes of silence to ponder what it is we are doing."

Ward:

(1977: 170-171)

ENVIRONMENT PARTY CONGRESS: PREVENT FULL-TIME POLITICIAN MP'S

Stockholm DAGENS NYHETER in Swedish 11 Apr 82 p 7

[Report by Åke Lidzell]

[Text] Sundsvall, Easter Eve--"If we get into the Riksdag, every Riksdag seat will be shared between a man and a woman --it is wrong to have full-time politicians," said Per Gahrton, when the newly formed Environment Party held a marketplace meeting in Sundsvall Saturday in connection with its first national congress.

"The women must come out better, and on our ballots every other name will be a woman's. The voter will then choose not one but two names for each Riksdag seat--a man and a woman."

Now it will take a constitutional change, of course, for such an innovation in the organization of Swedish politics; Per Gahrton knows that very well.

"But the idea can be put into practice right now. If our Riksdag members ask for leave of absence after half the term, each Riksdag seat can very well be divided between a man and a woman," Per Gahrton tells DAGENS NYHETER.

Politicians in Bunkers

Per Gahrton and the Environment Party are completely opposed to politicians' making a full-time job of it and leaving their jobs "out in the real world."

"They get entangled and imprisoned in the bunkers at Sergel's market and lose contact with the voters," Per Gahrton declared. And he has several prescriptions against professional politicians.

"Nobody in our party may sit in the Riksdag more than three terms, i.e. a maximum of 9 years."

If the party gets into the Riksdag at all.

"And nobody may sit in the Riksdag, municipal council, and county council and at the same time be a member of the committee in the party district. That way you lose the control agencies that should be checking on what new members of

the Riksdag are doing for their voters back home."

Until the system with seats shared by women and men is introduced, the Environmental Party will apply a quota system, and says that neither sex should have less than 40 percent representation in decision-making bodies.

Cock-a-Doodle-Doo

The party platform that will be adopted during the 4 days of the congress in Sundsvall was also reflected on rows of placards at a demonstration parade through the town: "Power to the people, no to professional politicians," "No to nuclear power," "Poison-free farming," "6-hour workday," and "Cock-a-doodle-doo, it is 7 o'clock, everybody in Sweden wake up now." [The lines rhyme and scan in Swedish.--Translator]

Of course, they also want peace in the world and a fight against social disarmament and unemployment.

Besides all this, Roland von Malmberg, the party troubador, sang songs about the brotherhood of man and the quality of life and warmed up his frozen hearers with the instructive ditty "Alpine Rose" to his own accompaniment on the barrel-organ. Spirits rose several degrees.

8812

CSO: 3109/146

ENVIRONMENT PARTY PLEDGES TO SHUN COOPERATION WITH OTHERS

Stockholm DAGENS NYHETER in Swedish 13 Apr 82 p 2

[Report by Åke Lidzell]

[Text] Sundsvall, Monday [12 Apr]--"The Environment Party will not cooperate with any particular party when we get to the Riksdag. We shall only fight for the essence of issues, without regard to who or what stands for them, and accordingly we oppose bloc formation in politics," says Per Gahrton, one of the leading figures in the newly formed Environment Party, which concluded its first national congress on Monday in Sundsvall.

Among other things, the party turned down wage-earners' funds and longer waiting periods [for benefits], dealt with ca. 260 motions, and worked out the framework for a program of action during the Easter holiday congress in the Hedberg school in Sundsvall.

The party is devoting a great deal of effort to changing the politician's rôle. None of its politicians may sit in the Riksdag more than three terms, 9 years; they will have an obligation to report annually to the voters, and will report on their personal finances.

But the congress did not have time to finish discussing the question of shared memberships, a man and a woman, both in the Riksdag and in the municipal and county councils, and referred it to the platform group on questions of democracy.

Small Scale

Taking it all in all, the congress dealt a great deal with the equality program. It is demanded, for example, that even those who are not parents of small children shall have a 6-hour workday, but with a wage reduction for the time being; prohibition of overtime work--to make more job openings--and that the working life be adapted so that men, too, have responsibility for the family. The party is against big offices and plants and recommends small-scale enterprises; the job should be close to people's homes.

"Can the Swedish export industry and national economy tolerate such a great interference with the economic system?"

"We have another group that is working with the economic consequences," a member of the equality group answers.

The party also wants to make a law against youth unemployment. A proposal is being presented for a law providing the right to work up to a certain age: training, practice, and appointment. The costs are to be shared by society as a whole.

"Then what will be done in Kiruna, e.g., where the LKAB [Luossavaara-Kiiruna-vaara AB (Sweden's largest ore mining company)] is carrying out mass layoffs?"

"Yes, that is difficult," the delegate concedes.

Alternative

But Yvonne Söderström, from Harnosand, and Per Gahrton believe in the possibilities of creating tens of thousands, perhaps hundreds of thousands of jobs in, e.g., alternative energy, poison-free farming, clothing, housing construction, and other fields which for one thing increase the degree of local self-sufficiency and for another are labor-intensive.

But it is not clear how it will be possible to take out market-rate loans and still compete with imports.

"Perhaps wage reductions can be accepted in order to have jobs," suggested Ralph Monö, who was elected Monday as the Environment Party's summoning member --it is not intended to have a single party chairman.

Service to Society

The party says no to the JAS [Multi-Rôle Combat Aircraft] project, and says that the aircraft industry in Linköping can manufacture civilian air transport planes instead of fighter planes.

"And we also want to replace compulsory military service with social service for men and women, conscientious objectors will not have to bear weapons, the Swedish munitions trade will be liquidated, and civil defense will be greatly strengthened," says Per Gahrton.

In the energy field the party demands that nuclear energy be eliminated over a 10-year period and wants to have a "prohibition in principle of direct-acting electric heat." Forest fuel, sun, wind, etc., will replace oil, nuclear energy, coal, and to a certain extent peat.

In the name of equality it also wants to prohibit sex clubs and tighten up the law on agitation against population groups so that it will be applicable to the sensational press's pictures of women.

8815

CSO: 3109/146

LIBYANS MAY RETURN FOR TRAINING AT TELUB

Stockholm SVENSKA DAGBLADET in Swedish 6 Apr 82 p 6

[Report of interview with Seve Ungermark by Sune Olofson]

[Text] It is not out of the question that the Libyans may return to Telub in Växjö to get a "wholly civilian training." That is being said at Telub since the firm's negotiations returned from Libya Sunday.

The visit in Tripoli lasted only 3 days.

"The negotiators came home sooner than we had expected," says Seve Ungermark, information chief for Telub and its mother firm, the Swedish National Industries Corporation (FFV).

Telub has decided not to report how the negotiations went or in detail what they concerned.

"New negotiations will be entered into, but the time has not yet been determined," says Seve Ungermark.

"Telub's negotiators were received in a friendly way, and the conversations were carried on in relaxed forms."

Seve Ungermark does not rule out the possibility that the Libyans may return to Växjö in the future, but in that case it will be for a "wholly civilian training."

On 6 January the Libyans went home from Växjö after the military part of the training was stopped.

According to our information the military part amounts to less than one tenth of the 4-year course.

Libyan authorities have insisted that damages will be demanded of Telub for breach of contract. But the Swedish Riksdag has decided that Telub shall be indemnified because the military training was stopped in accordance with a political decision.

At the end of March FFV got an invitation from its Libyan counterpart to negotiate.

Consequently Kent Sjöö, managing director of Telub; Hans Ramshorn, chief counsel for FFV; and another officer of Telub went to Tripoli, capital of Libya, on 31 March.

"This time the negotiations dealt with the procedure for conversion to civilian training in accordance with the Swedish demands," says Seve Ungermark.

8815

CS0: 3109/146

BRIEFS

POLL: SDP IN ABSOLUTE MAJORITY--The Social Democrats gain an absolute majority, the middle parties lose one third of their support, and VPK (Left Party Communists) drops below the 4-percent mark. These figures are from the first poll taken by SIFO (Swedish Institute for Public Opinion Polls) in a single provincial region of Sweden. The study, which was made in eight Ostgota municipalities and was published on Wednesday in the OSTGOTA KORRESPONDENTEN, is based on 935 telephone interviews made in March. Part of the debate on sick leave benefits occurred during the time of the study. The study arrived at the following figures for the eight Ostgota municipalities: Conservative Party 24 percent (+ 4.6 compared to the 1979 elections), Liberal Party 7 percent (- 2.5), Center Party 11.5 percent (- 6.4), Social Democrats 50.5 percent (+ 4.5), VPK 3.5 percent (-1.0), and other parties 3.5 percent (+ 0.8). Of the small parties, the Environment Party and KDS (Christian Democratic Party) each received 1.5 percent of the voter support. [Text] [Stockholm DAGENS NYHETER in Swedish 8 Apr 82 p 7] 9336

PALME RENEWS 'FUND' COMMITMENT--If the Social Democrats regain power after the elections this fall, they will begin negotiations with the parties involved in the labor market, industry, and the political parties to formulate an employee fund system. This was indicated by Olof Palme in an article in STOCKHOLMS-TIDNINGEN on Wednesday. "We will enter these negotiations with an open mind. We are prepared to discuss thoroughly the shape of the fund system on the basis of the principles established by our congresses, with consideration given to the ideas of others," Palme wrote. Palme stated that it could appear overly optimistic to speak of conciliatory discussions, considering the present climate in the employee fund debate. "But I believe that once the noise has died down there will be broad support in our society for a fund system that will help solve our economic problems, increase savings in the economy, and provide industry with risk-bearing capital so that we can expand production and secure employment. The system would increase the influence of wage earners when vital decisions are made." Palme stressed that the party and LO (Federation of Trade Unions) congresses had given their leaders considerable freedom in the technical development and planning of the employee funds. [Text] [Stockholm DAGENS NYHETER in Swedish 8 Apr 82 p 7] 9336

LESS SUPPORT FOR 'FUND'--Only 34 percent of LO (Federation of Trade Unions) members say they support employee funds as described in LO's own proposal. This was claimed by the Business Press Service, which has close ties to

SAI (Swedish Employers' Confederation), which again commissioned SIFO (Swedish Institute for Public Opinion Polls) to take a poll on the funds. The survey was made in March. This is the lowest figure since SIFO began investigating this question in January. In February 44 percent supported the funds. There are fewer fund supporters even among Social Democrats. Among them, 32 percent are for the funds. Among Swedes in general the figure is 19 percent. The question asked was: "Are you for or against employee funds as proposed by the Social Democrats and LO?" [Text] [Stockholm DAGENS NYHETER in Swedish 10 Apr 82 p 9] 9336

CSO: 3109/143

ACTIVE, DETERMINED STAND ON GREECE ASSESSED

Istanbul DUNYA in Turkish 27 Jan 82 p 2

[Text] It is very saddening that as the result of the last general elections, the traditionally right of center political outlook of Greece has very suddenly shifted to the left and more importantly that a different yet dangerously demagogic and possibly confrontational period in Turkish - Greek relations has been launched by Prime Minister Papandreou. Since the events in Eastern Europe, the Mediterranean, the Middle East and the Near East are of a nature that should be thought provoking for even those who are used to fishing in murky waters, it should be realized that the addition of new issues to the ones that are currently present will above all serve to the detriment of these two neighboring countries. The insertion of even greater entanglement into Turkish - Greek relations will influence not only the Western World but at the same time the Middle East and the Near East.

Prime Minister Papandreou is a professor of econometrics. In other words, before his entry into politics his time was spent as a man of science preoccupied with the task of establishing relationships between the complex economic and therefore political problems of our day. The analyses used to address such problems rely on statistical data, measurable values and mathematical permutations. For this reason at least, he should be expected to behave calmly with rational evaluations and calculated acts that go far beyond the hasty actions of the Greek on the street.

The Greek Prime Minister's political philosophy is remote from reality. As Prime Minister Uluysan has said, "If Papandreou's logic which assumes that because of differing ideas Turkey must be perceived as a constant threat is accepted, then it would follow that any state which

does not have views that are compatible with those of Greece is an enemy of Greece." Papandreou's stand which has until very recently caused great concern and consternation in NATO meetings has been described by one American journal to be "as diabolical as Odysseus and as inscrutable as the Delphic Oracle." The journal has also indicated that Papandreou's request for NATO guarantees against a Turkish attack centered within his own imagination constitutes a "demand that is unwarranted, unsubstantiated and arbitrary."

The events of the last months have indicated that Papandreou's strategy seeks to adopt a hard line against Turkey in order to win the support of Greek public opinion while drawing attention away from important internal issues by directing it towards foreign matters. The Greek Prime Minister's ridiculous assertion that Turkey could attack Greece and the Greek Cypriots at any time, brings to mind the words of Voltaire: "Falsely accuse. Falsely accuse. It will leave marks." This demagogue politician intends to weaken and isolate Turkey by such methods.

If as probable, his outbursts go beyond those things that have been said in the atmosphere of an electoral campaign from which he has still not recovered, the likelihood comes to mind that Papandreou is seeking to achieve a fair accompli. It is possible that he believes that through increasing provocation Turkey could be forced to react harshly in the Aegean or in Cyprus and that such a development could easily turn the Western Community and even world public opinion against Turkey. (Just look at the storm that has been raised by the inoffensive passage of a Turkish warship through Egriboz or the strait between the islands of Evvia and Andros on the usual maritime route leading from the Eastern or Central Mediterranean to the Dardanelles!)

There is a strong probability that in months to come Papandreou will take his strategy towards Turkey to the United Nations under the disguises provided by the issues of the Aegean sea and Cyprus. It is also highly likely that he will attempt to convert the soon to convene decision making meeting of the Law of the Sea Conference into a platform subservient to his own purposes.

All of this demonstrates that first and foremost Turkey must organize its efforts and preventive measures in addressing new situations and eventualities within the strategy of an extremely active foreign policy oriented towards national interest and national objectives. This policy should also be applied in the economic arena and vis-a-vis the EEC which has regrettably succumbed to Greek intrigues that had been predicted earlier and found to be unacceptable by our Western friends.

Until now, Turkey has made certain significant statements through the Prime Minister in person and has sought to clearly express its determination in addition to its good intentions. Believing that the disagreement can be resolved through negotiations, the Turkish Government has continuously proposed to the other side that discussions be held. This practice will be continued because for the moment it appears to be one of the most useful trump cards. In reality, neither the intra-alliance agreement over the Rogers Plan nor the other agreements can be changed. These agreements have become part and parcel of history and what is at issue here is the principle of adhering to past commitments as well as the importance that a nation attaches to international law and its own international reputation. Not even the Greek opposition is in agreement with the proposition that the Aegean should be a Greek sea in its entirety. The unrealistic strategic situation that has been created in the Aegean as the result of political errors committed by the great powers in the past can only be resolved through peaceful means and the safest course of action consists of political and economic cooperation. The *Care Nostrum* formula will not get Greece anywhere. As for Cyprus, the status quo which has been brought about through vastly successful decision making and administration and which rests on legal rights as well as principles that stem from agreements, is powerful and decisive enough to utilize passing time to the advantage of the Turkish viewpoint, or more correctly, to the advantage of righteousness and the righteous, in spite of all efforts to the contrary. A solution that is in agreement with the Turkish thesis will materialize sooner or later. (Otherwise the disagreement will linger on, and possibly a result such as the establishment of an independent Turkish state on the island will become inevitable. While maintaining its good intentions and its hopes that the Greeks will return to the right path, Turkey will from now on follow a policy that is much more active and determined.

2101

CSO: 4654/154

PAYMENT IN LIEU OF MILITARY SERVICE BILL SUBMITTED

Nicosia BOZKURT in Turkish 31 Mar 82 pp 1, 4

[Text] Nicosia (Special)--The Payment in Lieu of Military Service Bill was presented to the Federated Assembly yesterday by National Unity Party Nicosia National Deputy Enver Emin. The bill will make it possible for TFSC citizens obligated for military service under the Military Service Law or the Reserve Officer Law and living outside the TFSC borders to fulfill their military obligations. The bill envisages, in addition to 1 month's basic military training, payment of a minimum of 500,000 Turkish liras and a maximum of 1 million Turkish liras in lieu of military service. The payment for waiver of military service would be made in the currency of the foreign country in which the citizen lives and this money would be deposited to the TFSC Security Forces Auxiliary.

Those Affected by Law

The bill describes those citizens who may take advantage of the law as follows:

- a) Those who emigrated from Cyprus prior to 20 July 1974;
- b) Those who emigrated from Cyprus between 20 July 1974 and the effective date of this law prior to their coming of age for military service;
- c) Those who emigrated from Cyprus between 20 July 1974 and the effective date of this law although they had come of age for military service;
- d) Those who emigrated from Cyprus after the effective date of this law and prior to 1 January after reaching 14 years of age.

Rationale

The rationale for the bill submitted to the Assembly yesterday reads as follows:

"Since the status of our citizens living in third countries is treated in neither the Military Service Law nor the Reserve Officer Law, these citizens are considered military deserters if they come to the TFSC. This situation is a factor negatively affecting the return to Cyprus of our citizens in foreign countries. Yet there is a great need, particularly under the present political

and economic circumstances, to strengthen the gradually weakening ties with our citizens abroad. By eliminating the stigma of being defined as military deserters, our youth abroad will be able to come to Cyprus frequently with no qualms whatsoever and their breaking with the homeland will thus be prevented. These citizens, meanwhile, will be provided the opportunity to fulfill their national service by way of payment in lieu thereof. These citizens, while under-going a 1-month period of basic training, with the proviso of retaining their status as having settled abroad, will contribute to the efforts to strengthen our Security Forces by fulfilling the material obligation of waived military service. The "Payment in Lieu of Military Service Bill" was drafted, therefore, to protect our citizens abroad from possible unjust treatment and to provide them the opportunity for national service."

3339

CSO: 4654/287

SOGAARD BACKS POLICY KEEPING BORNHOLM FREE OF NATO TROOPS

Troops Would Be Allowed in Wartime

Copenhagen BERLINGSKE TIDENDE in Danish 20 Apr 82 p 1

[Text] Of course Bornholm would be allowed to take in allied forces in a wartime situation when the Danish government has decided to call in NATO reinforcements. If NATO's military leadership--in this case, the chief of the unified command, General O. K. Lind--found it necessary.

Defense Minister Poul Sogaard made this clear to BERLINGSKE TIDENDE. It is the plan to invite an American military orchestra to the island in connection with a cattle show that raised the problem of Bornholm as part of Denmark, a member of NATO. When presented with the plans for the visit by the American orchestra, Defense Minister Poul Sogaard said he would not recommend the visit, because ever since the end of the Russian occupation, Denmark has imposed restrictions barring foreign forces from coming to the island in peacetime.

The defense minister stressed that in the particular case involving the American military orchestra, the decision must be made by the Foreign Ministry. "But if you ask me, I would not recommend it as long as we have imposed these restrictions on ourselves. For this could be used against us under certain circumstances. So either we should respect the restrictions--or ignore them altogether," he said.

Poul Sogaard denied that there are any secret Danish written commitments to the Soviet Union on keeping allied forces out of Bornholm. The self-imposed restriction is based partly on verbal negotiations between the top county official on Bornholm at the time and the Russian occupation forces when they left Bornholm and partly on a Danish note to the Soviet Union, dated 8 March 1946. Poul Sogaard added that to date there have not been exercises on Bornholm using NATO participants--contrary to a report in BERLINGSKE SONDAAG--even though such things as fleet visits may have occurred.

Decision is Unilateral by Denmark

Copenhagen BERLINGSKE TIDENDE in Danish 20 Apr 82 p 5

[Article by Niels Jorgen Haagerup]

[Text] The misunderstanding over the presumed agreement with the Soviet Union concerning Bornholm cropped up after an American military orchestra was invited to visit Bornholm. The background of the issue goes back to the spring of 1946 when the Russian troops were preparing to evacuate the island.

A Danish note dated 8 March 1946 to the Soviet government stated that "Denmark is capable of occupying the island of Bornholm immediately with no assistance from foreign troops and of setting up its own administration there."

The somewhat odd expression, "occupying the island of Bornholm," is due to the fact that the Danish note used the same language as that used in a Soviet note sent the day before (7 March). (See Mary Dau: "Denmark and the Soviet Union, 1944-49," page 127, Copenhagen, 1969.)

Soviets Intervened Several Times

In 1951-53 the government and the political parties considered an allied offer to station a number of allied airplane squadrons in Jutland. The Soviet Union intervened in these considerations several times. This happened first in a declaration dated 1 October 1952 which referred to the Danish promise from 8 March 1946. This was followed by a memorandum dated 28 January 1953 which charged that if Denmark allowed the stationing of foreign troops on its soil this would be a departure from the position taken by the Danish government in 1946.

In doing so the Soviets used a greatly expanded interpretation of the Danish note from 1946 with regard to both the duration of the Danish promise and the territory it included.

This interpretation was clearly rejected by official Danish sources, among them Foreign Minister Ole Bjorn Kraft in a speech delivered in Ronne on 11 April 1953 (reprinted as Appendix 129 in the book, "Danish Security Policy, 1948-66," Copenhagen, 1968). It was made very clear that the Danish commitment was aimed expressly at the situation involving the reestablishment of Danish administration on Bornholm in 1946 and that it did not include the rest of the country.

However the foreign minister pointed out that even though it was not obliged to do so, Denmark had maintained this agreement since 1946--in other words, it had not permitted foreign troops on Bornholm--and had thus in fact behaved as if there was such a commitment extending into the future. The background for this was accusations that Bornholm would be turned into an advanced base

of attack for NATO in addition to the fact that the Danish government "will always take into consideration the special circumstances that apply to Bornholm due to the geographic location of the island," as Bjorn Kraft said in the 1953 speech.

Topic Brought Up Again in 1961

The Soviet Union brought the topic up again in 1961. This occurred in a Soviet government declaration of 12 December 1961 which was an extension of the Soviet diplomatic offensive against the establishment of a unified command over the southern part of NATO's northern region (the so-called Baltic Command). It stated that Bornholm's inclusion in a joint command would be in conflict with the spirit and the letter of the Danish note of agreement of 8 March 1946. To this Prime Minister Viggo Kampmann replied that the Soviet observation must be rejected and that implementation of the unified command would not lead to any change in existing conditions, meaning that there would only be Danish forces under Danish command on Bornholm.

And Denmark has maintained the practice after 1961 as well of not allowing allied forces to participate in exercises on Bornholm and there has also been Danish reluctance to participate in allied exercises in the eastern part of the Baltic. This is clearly a unilateral Danish act and not part of any agreement--written or verbal--with the Soviet Union. There are no self-imposed or agreed upon restrictions on the nature and extent of the Danish defenses on Bornholm or on the possibility of calling in allied reinforcements if the island came under attack either on its own or as part of the rest of Denmark.

Paper: Orchestra Should Not Be Kept Out

Copenhagen BERLINGSKE TIDENDE in Danish 20 Apr 82 p 8

[Text] Apparently an American military orchestra scheduled to play at the Rebild festivities must not be allowed to come to Bornholm. Residents of Bornholm would like to have the orchestra come but they will not get their wish because, according to the defense minister, we have verbal agreements with the Russians never to allow allied forces on Bornholm.

This is of course interesting to hear, that is if we can believe that explanation. A Conservative member of Folketing put a formal question to the defense minister, on the correct assumption that if this kind of agreement with the Russians exists it is high time the public and Folketing found out about it.

However there are no written or verbal agreements with the Russians either on allied forces in general or on military orchestras in particular.

The purely historical background is that in March 1946 the Danish government acknowledged just before the Russians were due to leave Bornholm that it would restore Danish administration on the island without the aid of foreign troops.

Of course this Danish statement did not apply to an unlimited future. When Denmark joined the Atlantic Treaty Organization 3 years later, such a Danish commitment for all time would have meant giving Bornholm a different defense status than that provided for the rest of Denmark. The island does not have such special status.

However, it has been Danish practice not to allow allied forces to take part in exercises on Bornholm. That is a unilateral Danish decision--a gesture, if you will--in order to demonstrate that in Denmark's opinion special consideration must be given with regard to Bornholm due to the geographic location of the island. But this Danish restraint cannot seriously be regarded as applying to orchestras as well.

6578

CSO: 3106/104

FORMER FOREIGN MINISTRY OFFICIAL ON ANTARCTIC SOVEREIGNTY RIGHTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 1 Apr 82 p 8

[Article by Willy Otten Philippengracht: "German Flag on German Ice"]

[Text] Santiago, 31 Mar--In a conversation in Santiago, Chile, Dr Draecker, the former ministerial director in the Bonn Foreign Ministry, who has repeatedly attracted attention to himself in a rather unorthodox diplomatic manner, indicated that the FRG has a good chance of acquiring sovereignty rights in the Antarctic. On behalf of the Federal Government, Draecker spent the last 4 months on the ice continent. Since his retirement he has repeatedly been entrusted with special diplomatic missions, about which generally only contradictory details have become known. The Antarctic trip as well was obviously meant to be kept secret. But by January the active retired diplomat had already been recognized at a research station. And now, said Draecker, he considers it important to reveal the reason for the trip, in order to eliminate speculation. Using a loophole in the Antarctic Treaty, it was a matter of establishing the preconditions for FRG sovereignty rights.

The Antarctic Treaty, in force since 1961 and valid until 1991, and recently ratified by the FRG, for the time being excludes the recognition of territorial rights; initially the ice continent is to be used by the treaty parties for scientific research only. Economic use of the apparently extensive underwater mineral resources is likewise not yet allowed. In recent years there has been much discussion on this point. The "adjoining" countries Argentina and Chile would quite willingly concede economic rights to the large treaty parties, such as the United States and the Soviet Union if in exchange these countries would recognize their sovereignty--which, however, they are not about to do.

Draecker is convinced that because of his work the FRG has now acquired rights to Antarctic sovereignty. He has firmly planted the Federal flag at four "secure" points on floating ice, "quite a large floe." In this way, he says, according to an established principle in international law, basically rights of sovereignty arise. Draecker did, to be sure, emphasize that these rights could not now be exercised because of the Antarctic Treaty; but that will be different when the treaty expires in 1991, he added.

In response to the question, what would happen if the "German" ice should drift away and melt during the next 9 years, Draecker replied that he is aware

of the problem. If, however, one goes by a scientific report developed by the crew of the German research ship which suffered misfortune in the Antarctic last December, then one can count on at least another 15 years of existence for the German floe. In any case, when the Antarctic Treaty expires the Federal eagle will flutter over Antarctica. Wherever the floe is drifting, fully effective German rights would automatically be in force there.

Draecker also noted that it is advisable to keep an eye on the floe's movements, and when necessary, to halt its drifting or add new floating ice to it. This needs to be one of the tasks of the German scientists and technicians in the Antarctic. In any case it is to be avoided that the German flags go under. Because: "Then the rights would be gone too." Advantageous, on the other hand, would be a "natural" division of the floating German ice and its drifting apart; in this way the Antarctic territory would automatically increase. Draecker wanted to give no information on the current size of the staked out ice area.

Dr Draecker considers it likely that other countries will now also mark zones of drifting ice with their flags. It is, he explained, by no means strange that so far no other state has thought of establishing its sovereignty by means of raising its national flag over the drifting ice. He himself thought of this possibility only after a thorough study of the Antarctic Treaty and the conditions on the ice continent. He says that his thesis, which the International Court will certainly verify, has been enthusiastically accepted in Bonn. Following this brilliant performance in foreign policy the otherwise so often luckless Federal Government may again take heart.

Because it is impossible to foresee the movements of the pack ice, it is conceivable that by 1991 a future FRG floe neighbor may have moved far away from German ice. But the question of alliances and the desire for neighborly relations would be important in the Antarctic too. It is therefore a very vital task for the Foreign Ministry to decide very soon which neighboring Antarctic floes should be taken into "tow" by the Germans, or in which direction one could guide the German ice in order to have the desired neighbors later. And since in addition extensive pack ice traffic seems to be in the offing, it is to be recommended that the U.N. Law of the Sea Conference, now again meeting, be tasked with devising universally applicable rules. It is to be avoided that sovereignty rights of several states might later overlap. The principle of the seas is probably not applicable to drifting ice, especially when it has the character of forming state territory. This question, at any rate, will be examined by the legal department of the Foreign Ministry. This department has informed Draecker, as he pointed out with pride, that his thoughts may already have entered international law as the "Draecker Pack Ice Theory."

Draecker also mentioned that there are large numbers of tiny krill near the German ice floe. Because the feeding of humanity may one day largely depend upon krill, the FRG may later be in a privileged position as supplier, he emphasized. In answer to the question whether he may have looked for suitable oil drilling sites in the Antarctic, he said evasively: "Not for the FRG." He did not want to answer the question whether he had taken on such a task on behalf of an international oil company or a foreign government.

The agile pensioner made a surprisingly youthful impression, despite the hardships of his stay in the Antarctic and despite his advanced years: He hopes, he said, that he will live to see the German floe become a recognized part of the FRG. Thereby it is not a matter of colonialism, he says, but of creating sovereignty on no man's ice. In order that the Foreign Ministry does not let itself be outmaneuvered by other countries in Antarctic matters, he has already sent the personnel department a training plan for especially suitable public servants of the planned Antarctic Department. Draecker is certain that in 1991 Bonn diplomats will scramble for the post as German Antarctic governor. This position will be especially attractive, he added, mainly because during the Antarctic summer one would be able to work around the clock in daylight ("which hardly ever occurs in the case of German offices"). In contrast, during the long winter months the Antarctic is practically cut off from the outside world, and it follows that none of the normal trips by ministers and representatives could be organized there.

9746

CSO: 3103/401

POSSIBLE MILITARY APPLICATIONS OF FIBER OPTICS DESCRIBED

Paris COLS BLEUS in French 6 Feb 82 pp 9-10

[Article: "Promising Future Seen for Fiber Optics"]

[Excerpt] There is no doubt that the use of fiber optics technology for commercial telecommunications purposes is going to increase dramatically. It seems logical, therefore, to expect significant military applications of this technology on ships as well as aircraft. Various studies of such applications are already underway. Without wishing to prejudge what these studies may produce, we can, nevertheless, indicate a few of the naval applications it is reasonable to expect during the present decade.

The first undoubtedly has to do with intra-ship communications systems, both voice and data transmission links. This especially promising field of fibre optics applications covers data bus transmission systems which handle the exchange of data between sensors, weapon systems, visual displays, combat information center facilities, and computers.

A second applications category is the partial or total replacement of conventional radio and radar circuits in which only low currents flow, such as subsystems for signal processing, switching, time bases, frequencies, etc. A special case is that of the rotating couplers on electron-scanning antennas, for which the use of optical fibers would afford increased simplicity and lighter weight.

Mine and antisubmarine warfare applications include the use of optical fibers for the wire-guidance of such underwater vehicles as the self-propelled "fish" (PAP) employed by minesweepers, and for which coaxial cable is currently used.

Promising tests have been conducted with fibers 1 to 5 kilometers in length which offer a transmission band five times higher than conventional cable: 5 megahertz instead of 1. In addition, optical fibers can be used for internal data links between the dome and the different data-processing subsystems on sonar devices.

This list is far from exhaustive. Fibre optics technology will first be applied to computers, and it is certain that, once initiated, the first naval

applications of this new technology will give rise to others. In fact, the French Navy is beginning to give serious consideration to fiber optics in the design of new ships and equipment.

Thus, after a brief eclipse, optical process are going to reappear abroad our warship, but in such discreet form that no one--except specialists--will even suspect their presence. Moreover, it is logical to assume that now that they are "reconciled" and closely associated, optics and electromagnetism have not finished revealing their secrets and thereby astonishing us.

8041

CSO: 3100/568

SUPPLIERS SEE NEED TO APPLY HIGH TECH CIRCUITRY TO MILITARY

Paris ELECTRONIQUE ACTUALITES in French 9 Apr 82 p 3

[Article: "Avionics Manufacturers Deplore Lag in Militarization of Circuits"]

[Excerpt] French avionics equipment manufacturers are by and large more optimistic about the problem of an assured supply of components than they have been in the past. Yet these manufacturers do face a crucial problem, namely how to make up for the absence of certain militarized components. The most serious and tangible of these absences is currently that of a 68000 microprocessor, the only 16-bit microprocessor "recommended" by military technical agencies. At the same time, there is infatuation with "semi-custom" components, though this attitude is not entirely without some misgivings.

All conditions combine to make avionics manufacturers users of components unlike any other users. These conditions include: generally modest quantities of each component, extremely reliable components that are frequently complex and high-speed, very tight delivery-time requirements against a background of long-running programs, and the necessity of ensuring constant availability of components through a policy of maintaining adequate stocks for purchases made after initial procurement.

But avionics equipment manufacturers have learned to juggle with these occasionally contradictory requirements. Today, they generally agree that their component supply situation has definitely improved. There are still some bottlenecks--interface circuits built to Arinc or MIL-STD specifications, low-consumption microprocessors, PROM [Programmable Read Only Memory] with D registers--but these are no longer as dramatic as heretofore.

Most French avionics manufacturers have supply sources in France, if not French, for almost all components. The only exceptions are specialized signal processing components, high-speed multipliers, and special inks, all obtainable solely from the United States. It can be said, therefore, that all requirements for ordinary components and passive components are being met in France. Another noteworthy peculiarity is that French avionics manufacturers use practically no Japanese components.

Nevertheless, there is still one major problem encountered by all these manufacturers, namely the militarization of components, and this from the dual technical and regulatory angle.

'Macrocomponents' Working Group

A 12-member working group called "Macrocomponents" includes representatives of the principal French firms in the avionics and armament fields. In component matters, this group has replaced the former GIE Ispena [Ispena Economic Interest Group]. The SPER-GIFAS [expansion unknown-French Aeronautical and Space Industries Association] avionics committee has assigned this working group the task of surveying components on the market and determining which of these are commonly required by avionics manufacturers and should, therefore, be entered on the GAM T1 military standardization lists.

This working group has completed its review of the microprocessor field, a review that reflects the uncomfortable situation of avionics manufacturers with respect to 16-bit microprocessors. In fact, although the only 16-bit family--the 68000--on the GAM T1 lists does appear to be a complete family which satisfies aviation industry users, it currently has one big drawback, that of having no militarized version. The 68000 is actually available in only the 0°C to 70°C temperature range. Motorola is testing the -40°C to +85°C range and expects to have the truly militarized -55°C to +125°C range available by the end of this year.

Interim Action Pending Availability of 68000

But EFCIS [Design and Manufacturer of Special Integrated Circuits] is one firm that is not as optimistic. It does not foresee a militarized 68000 microprocessor on the market until a few years from now. Avionics manufacturers, burnt by the long wait they encountered for the 6800, consider this cautious view to be justified. Yet, even though such "improved 8-bit" solutions as the 6809 do solve a few problems, avionics manufacturers have an urgent requirement for a 16-bit microprocessor. Hence several companies are currently using the Texas Instruments SPB 9900 for their nonmilitary requirements. Most are also getting ready to use the Intel 8086 which is available in a -50°C to +125°C temperature range version. Hence avionics manufacturers would like to have these two microprocessors placed provisionally on the GAM T1 lists pending availability of a militarized version of the 68000.

Though this problem is most crucial where microprocessors are concerned, we must admit it exists also with regard to other components, such as the peripheral equipment for 8-bit microprocessors (circuitry of 2900 and 6800 families, for example). Generally speaking, the absence of militarized versions, or their great lag, involves all high-speed and complex circuits. It is especially astonishing to note that there is practically no version of militarized FCL [Emitter Coupled Logic] circuits.

The problem is a regulatory one, the GAM lists having the force of authorizations that are, in effect, "binding recommendations." It also involves those nonmilitary avionics products which, to all intents and purposes, call for military standards (at least where temperature is concerned). This leads us to the issue of the testing of highly integrated components. Avionics manufacturers on the whole regret that they are not being consulted by component suppliers on the determination of test methodology. They likewise

generally regret that this question of high-reliability components is not explicitly included in the microelectronics plan currently being implemented by governmental authorities. Without going so far as to advocate reliability control programs like those in the American VHSIC plan, we do believe that action should be taken in this general direction (the sensitivity of components to radiation could be one of the matters checked).

Generally speaking, avionics manufacturers are aware that they do not represent a market that is large enough to have an impact on the general orientation of components policy, except indirectly through military technical agencies. Consequently they have learned to live somewhat in the shadow of the other major users--data processing and telecommunications--even if it means being served last.

8041

CSO: 3100/574

BRIEFS

NAVY HOLDS CONTROL EXERCISE--The French Navy participated in a large-scale worldwide naval control exercise from 15 to 26 March. This exercise was designed to test procedures for naval control of commercial shipping, plus communications between ships at sea and shore-based authorities. Actually three exercises were conducted simultaneously: "Controlex," a strictly national exercise; "Sea Supply," an exercise conducted by the French Navy and allied navies in the North Atlantic and Western Mediterranean; and "Expanded Sea," an exercise covering other oceans and seas. From 15 to 22 March, nearly 260 French merchant ships of greater than 5,000 tons took part in the exercise. Participation was voluntary for a phase corresponding to the initial period of a--simulated, of course--crisis situation: the threat to French commercial shipping was assumed to be still minimal, thereby not warranting complete government control of the merchant fleet. Effective 22 March, upon order of the government, naval control became compulsory--again simulated--thus enabling ships to be protected under maximum security conditions. At this time, merchant ships ceased all real participation in the exercise. At no time, in fact, was there ever any question of disturbing commercial traffic or of asking ships to alter their routes. Though the operations had become fictitious, all exercise personnel manning the shore-based naval control stations were not idle from 22 to 26 March, quite the contrary. Many such stations were in fact, manned throughout the world. Limiting ourselves, however, to solely the area under CECLANT's [Commander-in-Chief Atlantic] command in an emergency, French naval control stations were operational at Dunkerque, Le Havre, Cherbourg, Brest, Lorient, Nantes-Saint Nazaire, La Pallice, Bordeaux, Casablanca, Dakar, Abidjan, Fort-de-France [Martinique], and Cayenne [French Guiana]. Several dozen naval reservists were recalled to active duty for the exercise. Exercise officials complimented them on their high morale and efficient performance of duty in an exercise the importance of which certainly had not escaped them. If France's supply lines were no longer secure, how long could the country exist as an autarky? Yet, inasmuch as this was, after all, only a training exercise, all reservists who had to vote in the local cantonal elections were allowed to return home on weekends. In fact, even most French warships returned to port so that everyone could perform his civic duty. Even the ORSA's [Reserve Officers on Active Duty Under Contract] corvette, which had escorted four minesweepers to Saint-Jean-de-Luz, was ordered to put in at Brest on the weekend of 20-21 March for the same purpose. [Text] [Paris COLS BLEUS in French 3 Apr 82 p 18]

8041

AIRCRAFT CARRIER EXERCISE--On 18 February, the aircraft carrier "Foch" returned to base [Toulon] following a period of training at the Fleet Training Center. It is berthed at the main pier ("pier of honor"). It will return to sea in 3 days with the Mediterranean Fleet. It has kept its aircraft aboard, which is somewhat unusual. After its refitting, which took 14 months, the "Foch" had conducted trials for 3 months until early December 1981. These were followed by a 3-week shakedown cruise, including a call at Naples. It then stayed at the Fleet Training Center (CEF) from 3 to 18 February for special training. During 10 days at sea, the "Foch" trained its boatswain's mates, its quartermasters, all personnel involved in steering the ship. During this period, it was towed by the frigate "De Grasse," also undergoing training at the CEF. It was also resupplied at sea with fuel, ammunition, and food by the "Meuse." The "Foch," for the first time, conducted an astern replenishment operation while catapulting an Alize aircraft. Safety procedures and measures were also given intensive tests with numerous emergency fire drills in all parts of the ship. A "radex" (radiological exercise) gave the entire crew realistic training in manning battle stations while sailing through a nuclear contaminated area. The ship's 2,000 men wore masks, seamen on the deck special protective clothing etc. Commander d'Herouville, the ship's navigation officer, told us: "This special training was most beneficial, particularly for my men. The carrier's priority aeronautical role was not overlooked, but we were able to allocate a great deal of training time to nautical problems. An aircraft carrier is not solely a floating airfield, it is also a ship." Personnel turnover had made this training absolutely essential. All personnel were able to regain their sea legs and necessary proficiency. This special training period terminated with a major exercise called "Tamerlane." The "Foch," protected by an escort group consisting of the frigates "De Grasse" and "Suffren" plus modernized Alize aircraft from Squadron 6F based at Nimes-Garonne, crossed the Mediterranean from Ajaccio to Toulon. Atlantic [maritime patrol aircraft] provided reconnaissance support to the carrier task force. "Enemy" forces included the "raiders" "Dupleix" and "L'Agenais," plus the submarines "Agosta" and "Diane." The French Air Force conducted a "strike" against the "Foch" with Jaguar aircraft from Istres Air Base. Carrier-based aircraft "attacked" the airfield at Solenzara, Corsica. After 2 weeks of intensive work, the captain of the "Foch," Captain Coatanea, and his staff evaluated their training with CEF officers, Captain Renoux, the director of training, and Commander Blanvillain. They all agreed that cooperation between the CEF and the ship's officers and men had been very good and that the results of this training, which is somewhat of a "first," were excellent. [Text] [Paris COLS BLEUS in French 6 Mar 82 p 5] 8041

NAVAL TRAINING CENTER MODERNIZES--A TELIC 2505 automatic telephone switching system has been installed in the Naval Training Center at Querqueville. This system, developed by CIT-Alcatel [International Telephone Company-Alsatian Atomic, Telecommunications, and Electronic Engineering Company], is part of a regional communications modernization plan. Its purpose is to give different users better service and relieve some of the burden from the Cherbourg navy yard's automatic switching system by increasing its capacity and flexibility. It will also permit more efficient control of communications expenditures. The new automatic switching system was officially inaugurated on 28 January 1982. Officials attending this ceremony included the following: Vice Admiral Crouzat, commandant of the 1st Naval District, Engineer General of Armament Gerbier,

Chief Engineer of Armament Lassiege, Mr Haricot, manager of CIT-Alcatel's Cherbourg office, Mr Archer, CIT-Alcatel's sales manager, and Mr Guerre, manager of the PTT [Postal, Telephone, and Telegraph Administration] local central office. [Text] [Paris COLS BLEUS in French 27 Feb 82 p 24] 8041

CSO: 3100/567

DEMILITARIZATION OF ARMED FORCES INFORMATION SERVICE IN PROGRESS

Athens TA NEA in Greek 31 Mar 82 p 6

[Article by Athina Glinou]

[Excerpts] Procedures to demilitarize YENED [Armed Forces Information Service] are being accelerated by the government. It is expected that the issue will be definitely settled in the coming week. For this purpose, there will be a meeting of the appropriate functionaries from the Ministry to the Prime Minister and the Ministry of National Defense.

The prime minister and minister of national defense, A. Papandreou, has already stated that YENED is not going to be consolidated with ERT [Greek Radio and Television]. And, according to a study conducted by the government, Paragraph Four of ERT's founding Law 230/75, which also refers to the subject of YENED, is not restrictive as to the form which the present military channel will take. However, the question of financial support for a demilitarized YENED will have to be studied.

As regards the time, according to our information, YENED's demilitarization will occur within three months at the most. It is clear that acceleration of the procedures to demilitarize YENED is directly related to the fact that, five months after the last elections and assignment by the government of change of civilians to the military channel, the cooperation between the military persons and civilians responsible for the channel is not harmonious.

At the same time, it seems that the recent statements made by the director of programming, G. Mortzos, to a newspaper (with which he presented himself in support of YENED's staying in the armed forces), despite the fact that he denied them, persuaded responsible government functionaries that the present form directing YENED does not help in implementing the prime minister's pre-electoral proclamations on demilitarizing YENED.

At any rate, Mr. Mortzos--despite the fact that he was assigned to YENED in order to play the role of "peace-maker" and to contribute to achieving better cooperation between the channel's civilian and military staff--is believed to have cooperated only with the military people and minimally with the first civilian staff, headed by G. Voutsinas, which the government appointed to YENED.

At the moment, the government is not considering removing Martzos from YENED. It is considered certain he will remain in his position, at least until definite decisions are made about demilitarizing YENED.

GOVERNMENT WARNED ON MEDDLING WITH ARCHBISHOP IN U.S.

Athens I KATHIMERINI in Greek 1 Apr 82 p 12

[Article by Spyros Alexiou: "There Are Also Difficult Changes"]

[Text] When, in the past, a certain government in Athens put pressure on the Ethnarch and Archbishop Makarios to resign and, in fact, threatened that if he did not, they would "drop" him, he gave the well-known answer: "Up to now, I have survived thirteen Greek governments, and I will survive the present one." Indeed he did survive, until God called him to His side, and no human power was able to shake him. Why did we remember this story today? Because there is a rumor about the government's feelings against the archbishop in the United States, Iakovos.

The indications began with the "barbs" of several conversers on television when they wished to present the problems of Hellenism abroad. Someone said: "Is the same Iakovos still there?" He wanted to tell us that Archbishop Iakovos' existence as head of the Greek Orthodox Church of the western hemisphere is such a simple matter, that if he had left, he would not have heard of it. These views of an unknown person were certainly not accidental. They expressed the spirit of the feeling of those who placed him at the round table and knew just about what he would say.

Following this, we learned that the official persons who went to the United States--even those who have a strong position, by affinity, in the government and the others, with the titles recognized by the state--refused, or avoided, to come into contact with the religious and spiritual leader of three million Greeks abroad. They avoided it because, obviously, this was the order or the line of the Movement. It was certainly not because of the archbishop's pro-American feelings or his U.S. citizenship, since such things did exist and still do exist on the government side also. Archbishop Iakovos may have been deemed too "rightist," too anti-Marxist, and he is probably considered a hindrance to the party's program, since, from such an important post as that which he holds, he may be an impediment to the government's "socialist and revolutionary" inclinations.

There are many "he may's" and many possibilities. The sure thing is that the discord exists, as does the disposition to see, if it were possible, someone else there or, even better, no one. Never mind...several publications also told us something about this. The purpose of our referring to the issue today

is not informatory. We wish to point out the danger arising from such an effort which--this is absolutely certain--will only have unpleasant results for Hellenism.

Iakovos is not a simple matter, nor does he "fall within" the jurisdictions of the law of [Minister to the Prime Minister] Koutsogiorgas. He is an internationally recognized personality. Just day before yesterday, the television channels in the United States were occupied for almost an hour with his statements and other expressions about the Greek pioneer emigrants. Whenever he wishes, he sees the U.S. president about issues both national and related to Greeks abroad, and he has been honored with the award of first citizen of the United States; in addition, the title of honorary professor at large American universities has been bestowed on him.

He is the natural leader of Greeks abroad. The communities, numbering 600 and solidly organized and bound, are obedient to the church leadership in an exemplary manner. Thus he achieved and acknowledged orthodoxy as one of the four great religious communities. He lifted the voice of Greeks abroad against Congress' pro-Turkish measures and he was one of the principal contributors to the embargo which President Carter managed to stop only after much effort.

The archbishop in the United States has been elected and belongs to the Ecumenical Patriarchate. The Phanariot is the head of orthodoxy, who knows to govern and conduct himself solely to the benefit of the church. For this reason, and despite difficult conditions, he is keeping himself in his role as the leading force of the church.

All these are for the knowledge and assimilation of those who will think it a simple and easy matter to try to contend with Archbishop Iakovos. Or any church primate.

If they do not know, let them learn that the business of the church is not a matter for "a scolding about public administration." Whoever has contended with it has come out the loser, even in the near past.

If it were so easy, the church would have disappeared from the face of the earth after so many storms and disasters. But it exists...and will exist, because it is deeply rooted in the minds of the faithful people, who are not few.

9247

CSO: 4621/290

GOVERNMENT'S PARDON UNCONSTITUTIONAL

Athens TA NEA in Greek 31 Mar 82 pp 1,8

[Article by G. Kremmydas]

[Excerpts] Law 1240/82, concerning limitation of certain offenses and release of detainees with conditions, was not enforced on 30 March in the Athens Five-Judge Court of Appeals, as it was termed unconstitutional.

The law was published on 29 March and, as is specifically stipulated, is in force from the time of its publication. The court, however, accepted the proposal made by the bench's public prosecutor, Dim. Tsevas, and proclaimed the law unconstitutional.

In his lengthy address, Tsevas maintained that the law conceals a pardon--forbidden by the constitution--for offenses of common criminal law. He said that the law "has a thorn" and "ushers in unequal treatment of citizens."

When it was time for Tsevas to speak on 30 March, he presented, for about an hour, arguments on the law's unconstitutionality and asked the judges not to enforce it. After a long discussion, the court announced its decision that the law not be enforced because it is unconstitutional.

Great excitement was created in the court and various comments followed.

'Constitutional'

Minister of Justice Stathis Alexandris, with whom the journalists talked, when the decision was issued, said that "he was not going to make any comment if he does not see the decision and the grounds for it" and, moreover, that "the law is in accordance with the constitution because it does not give a pardon but puts a limit on certain offenses." Furthermore, he added that "distinguished lawyers, university professors, have agreed with this viewpoint."

9247

CSO: 4621/290

BRIEFS

TV AGREEMENT WITH USSR--Moscow, 31 March (by our correspondent)--An agreement for cooperation between Soviet television and ERT [Greek Radio and Television] was signed on 31 March in the Soviet capital. The agreement was signed by ERT Director Romaïos and the president of the state Committee for Soviet Radio and Television, S. Lapin; it provides, on the basis of the Helsinki accords and the agreement signed between the two countries' governments on 6 September 1978, for further development of exchanges in the sector of television and radio, which contributes to strengthening amicable and cooperative relations between the two countries. In particular, the agreement provides for exchange of both short and long television films and documentaries, as well as various programs on timely issues, cultural and scientific programs and recorded works of popular music. [Text] [Athens RIZOSPASTIS in Greek 1 Apr 82 p 1] 9247

SOVIET SCIENTISTS' VISIT--Two Soviet scientists, members of the Academy of Sciences, have been in Athens since the evening of 29 March. They are Viktor Bunais, doctor of natural sciences and director of the USSR Academy of Sciences' earth sphere laboratory and institute, and N. Shigarev, scientific secretary of the above institute, who came to our country in the frameworks of implementing the program for scientific and technological cooperation between Greece and the Soviet Union. On 30 March at noon, V. Bunais and N. Shigarev visited the Geodynamic Institute and had a lengthy meeting with Professor of Seismology Drakopoulos and his co-workers. After the meeting, Professor Drakopoulos stated the following to ELEVTEROTYPIA: "We exchanged opinions about what is happening today in both countries relative to the problem of earthquakes, as well as on what subjects there could be greater cooperation. Professor Bunais is an internationally known scientist and I have been acquainted with him for years. I know that in the Soviet Union there has been much precise work in this sector, and, for this reason, I consider promoting a more substantial cooperation to be an important step. I personally am in favor of any cooperation with foreign colleagues, but also with countries; it only needs to be under the control of the Greek Seismologic Institutes." [By G. Ginis] [Excerpts] [Athens ELEVTEROTYPIA in Greek 31 Mar 82 p 3] 9247

CSO: 4621/290

'IPALMO' CENTER FOCUSES ON 3RD WORLD, NORTH-SOUTH ISSUES

Rome POLITICA INTERNAZIONALE in Italian Mar 82 pp 153-157

[Text] IPALMO's Agenda for 1982. On 9 February the members of IPALMO met for their annual assembly, and discussed and approved the proposed agenda for the Institute in 1982, the text of which follows here. The Assembly elected its new executive council and approved the Institute's budget.

1. General Premise

The Institute for Italy's Relations with Africa, Latin America, and the Middle East (IPALMO) in 1981 again proved faithful to its nature as an institute tuned to political realities, subordinating its own initiatives to its privileged relations with the political parties and the nation's economic and social forces. There was discussion in various fora of the state of relations with the political and social forces which founded and support the Institute, with conclusions that would seem to anticipate the need for a reconsideration of those relations, in the light of developments in Italian politics. To render that relationship more fruitful, it would be necessary to lay additional emphasis on its inquiry and research activities. By so doing, IPALMO would continue to serve the political and social forces, in a thoroughly pluralistic context, making the results of its own studies available to upgrade Italy's policies in dealing with the Third World and with the North-South relationship.

IPALMO's work during 1981 has further refined our presence at the cultural and policy level on the North-South issues, with special regard to Italy's position. Not all the items on the opening agenda were covered. On the whole, its activities centered on reviewing a number of key concepts that lie at the root of the problem -- once centered on decolonialization but shifted in our day to the North-South relationship -- which is the habitual object of the Institute's studies and reflection. Most significant in this connection was the national conference on development cooperation, which met in December in Rome at the request of the Foreign Ministry. The conference helped to re-emphasize IPALMO's role as a factor for contact and stimulation for the political, cultural, and social forces, in complete autonomy vis-a-vis the Department, as was made clear by the way the conference

went off and by the debate itself, the object of which were the cultural and operational proposals contained in the IPALMO report and in the other papers offered by scholars and leading figures from the several sectors involved in cooperation. Working as well toward more depth in its approach to North-South issues are other initiatives: research and the Institute's revue, *POLITICAL INTERNAZIONALE*. Given the fact that these issues are what best characterize the Institute within the Italian political panorama, we intend to intensify our study in this direction. To this end, there must also be better organization of research activity, perhaps one that would require a whole new structural concept for the Institute and its staff.

The program's approach and scope will depend on the final solution to the problem of financing. As of now, the annual government finance bill has not yet been passed, but there is the possibility of some funding, perhaps through administrative channels, from the Department. Whatever the final definition, it must be repeated that IPALMO cannot, for its part, fall short on the one hand of its nature as a pluralistic institute, not identified with the administration, and on the other that IPALMO must not concentrate its efforts too heavily in the area of cooperation, since its horizons for action are far broader than that. Naturally, upon the amount of funding that eventually comes to IPALMO, not only through government funding but from other sources as well, will depend the distribution of the sums made available for each of the proposed undertakings, some of which are cited in the regular budget, while others are the subject of application for special funding as shown in the extraordinary budget.

As sources of funding aside from that provided by the State, efforts must be stepped up toward finding other ways to increase the budget through contributions from private bodies, perhaps in response to specific suggestions, and with funding from the Regions or from local governmental bodies. As for the Regions, in 1981 a survey was conducted of international policy initiatives still being funded by the Regions. The trend now is to include a number of such actions in several of the Regions -- and receiving funding from them -- in the program, as a way of nurturing a relationship which might be made a permanent institution at some future time.

The task of reordering the institute's internal organization continued through 1981. The restructuring job cannot rightly be called complete as yet, partly because staff requirements in 1981 were governed to a degree by the special needs posed by preparations for the national conference on development cooperation. It is therefore all but certain that the reorganization work will have to go on into 1982 as well. Generally speaking, IPALMO has opted for a plan that will put research and policy elaboration activities into the hands of study and research people outside the institute, and assign institute staff people to the tasks of organization and procedures. Even as we adhere to this policy, we are going to have to expand the study sectors -- both the studies office and the documentation center -- in order to be in a position to provide proper services to the research program that is proposed for the years ahead.

2. Primary Areas of Concern

IPALMO's activities are of disparate kinds, carried out at many levels, each of them autonomous, but it is perhaps a good idea to pick out a few major areas of interest affecting all we do, adapted, of course, to both the means and the place concerned. Central to them all, as we have said, is analysis of the overall North-South question. It is in that context that we approach even Italy's policies, both those of the government and those of the political and social forces. Our focus on the North-South question must not be allowed, however, to distract us from the existence of issues which in some ways give rise to conditions similar to those generated by decolonization (South Africa, the Middle East). As for final form of the Third World states, still undecided, it is the problem of institutions that emerges to a degree that suggests studies of the problem in greater depth than we have hitherto attempted: inherently part of the general problem of constitution-making are the issues of civil rights and democracy, which are growing ever more crucial to the very stability and development of the countries of Africa, Asia, and Latin America. Partly as a result of our commitment with the national conference on development cooperation, special attention must be paid to the problem of cooperation, both in its general theoretical terms and in its practical terms as they refer to Italy. It goes without saying, of course, that everything the institute undertakes, including its studies and research projects, which themselves are concentrated on politically oriented research, falls into the general context of cooperation at the training and information level.

With this approach we can descry several major lines of research and intervention, which will be pursued both in public undertakings, as well as in research proper, and in the work of our study groups, and of course in the preparation of POLITICA INTERNAZIONALE magazine. Additionally, there is a close connection between these levels because the magazine frequently discusses the outcome of seminars and conferences, while the work of the study groups, which often involves public seminars or discussions may, when feasible, become part and parcel of editorial activities.

For convenience' sake, the individual projects are listed according to kind, but they may be grouped together by subject matter as follows:

a. Third-World conditions and the nature of the post-colonial states (conference proposed under point 3.a; seminar described under 3.c; cycle of lectures under point 4.a.). The study groups will also be thinking about the problems relating to the nature of the state. It is a basic issue, not merely a theoretical one, if we are to get a better focus for our perceptions of the Third World.

b. North-South issues. Besides their serving as the bedrock beneath all our operations, these matters will be dealt with specifically in the annual North-South conference (point 3.e), in many forums at the

institute in special courses (point 5), in research (point 6), and with the seminars to be conducted jointly with the EEC (point 3),b), as well as with undertakings in support of the Department.

c. Situations connected with decolonization or with the immediate post-colonial period. Specifically, research is planned on South Africa (point 6.a), while the Latin American, Middle East, and African study groups will be working on the same problems.

All this activity, which is to be described in greater detail under subsequent points in the program, call for adequate documentation, something IPALMO currently lacks because of funding problems and also because we have yet to adopt a specific line as to the proper organization of such documentation. This problem, particularly if it is to call for a documentation center set up along the most advanced lines, is certainly going to require considerable expansion in both staff and budget, but it will perhaps be possible by 1982 to upgrade the service at least to the point where it will be usable for our own research and study projects, as well as adequate to the wishes of those who use the institute's facilities.

3. Public Undertakings

That leaves the necessity, discernible as early as 1981, for clear stipulation for every public undertaking of speakers, audience, and objectives, so as to draft a clear-cut plan for each such operation.

a. There may well be, in the 1982 program, a gathering devoted to a purely cultural approach to the concept of the Third World today in the context of the new North-South relationships. It would analyze some of the major issues upon which the Third World is based (nationalism, economic development, war or peace, neutralism, the form of the state, civil rights, etc.) as they have emerged since decolonization and in the light of the Eighties. That conference would have no immediate functional impact, but it might prove fruitful -- if we manage to find the right speakers both in the western world and in the East and the Third World itself -- as intellectual stimulus to our research work.

b. A seminar, to be co-sponsored by the EEC, on the problems of food and agricultural cooperation between Europe and the Third World.

c. A conference to be held in Florence with the collaboration of a number of local organizations on "The State in the Third World." Feelers have already gone out on this score with the Gramsci Institute, which has promised support, including financial help, from the commune of Florence and from the Tuscan regional government.

d. A conference to be held in Sicily on the law of the sea, with special emphasis on relations at the international level, but no decision has been reached as yet as to whether it will concentrate on Mediterranean issues or deal more broadly with the international

juridical and economic issues as they refer to the North-South relationship.

e. In 1981 we saw the start of a series of meetings known as the Annual IPALMO North-South Conferences. The conference was called by Commonwealth Secretary General Ramphal, although at the last minute the opening speech was read by the deputy secretary-general when Mr Ramphal was unable to attend. In 1982, the date for the next one will probably be sometime in May. The search should already be under way for either an outstanding leader from Africa, perhaps Tanzania's Foreign Minister Salim A. Salim, who was a candidate for Secretary-General of the United Nations, or for a Latin American such for example as Venezuela's Perez-Guerrero, or perhaps an Algerian cabinet minister. Given the fact that the conference atmosphere is likely to be a bit "cold," the keynote speaker really must be somebody outstanding, and his remarks -- if possible -- not too general.

4. In-House Activities

We shall be continuing our series of smaller-scale activities at varying levels of information, in discussion and in studies, with round-tables, seminars, and conferences. This is an important aspect of our operations, and one that ought to be given more attention, particularly with an eye to simplifying the procedures for calling each meeting. Topics for such forums will be dictated by current public interest, but greater consistency in their timing will encourage their convocation and make it easier for members and non-member users of our facilities to make better use of our services. It is probably preferable to set up conferences and discussions on issues at regular intervals.

a. One series of lectures has already been planned in conjunction with the Feltrinelli Foundation on the subject of the North African state. There will be six lectures in the series, beginning in January, given in Milan and in Rome by Italian and foreign lecturers.

b. Courses on North-South Issues

In 1981 we offered our first resident course on North-South issues. It was given in Florence before a class of 40 chosen from among applicants. The course was a great success and there is a proposal that it be repeated. We might do that, using a fairly broad topic as in 1981, or -- perhaps better -- we might select a more specific topic on the basis of demand yet to be ascertained. There might be courses on development cooperation issues, for which we might select one or more regions in which to offer the courses.

c. Research

The research and study program needs to be expanded and better organized. This is a pursuit that will make the institute more responsive to the needs of the Italian political and cultural world. Of course,

studies and research will have to be given an adequate share of our budget. By definition, our research must be concerned with issues which have not hitherto been fully explored, and which may make it easier to make sound projections for the future: such projects could be undertaken by individual researchers or better by teams under Institute coordination or by Institute staff.

Last year brought us into the concluding phase of a research project on "Underground Resources and Underdevelopment," financed by the Foreign Affairs Department for Development Cooperation, which was handled by a team of outside researchers under IPALMO supervision. Other studies were conducted by the study groups (see point 7).

For 1982, we plan to undertake the following research projects:

- a. research on South Africa, aimed at singling out the forces for change currently at work in South Africa, and, if possible, at writing scenarios for the next 4 to 5 years;
- b. research into food and agricultural problems in Third-World countries (in collaboration with the Overseas Agronomy Institute);
- c. research into the role of business and the multinationals (particularly the trading operations) in the overall problem of development;
- d. a study might be set up to look into the general problems of the international economic order or into the production patterns that are gaining ground in the Third World (with regard, for instance, to socialist or "alternative" experiments).

7. The Study Groups

In the course of 1981 we had three diversely structured study groups at work. The group studying North-South relations confined itself to a few review and information meetings, following the successive phases of the international negotiations; the Latin American study group held a seminar and drafted several country papers for information and documentation purposes; the [Persian] Gulf study group held two seminars and concluded its research into several topics relating to the situation of conflict and tension in the Gulf. Both the Latin American and the Gulf groups thereby enriched the Institute's research potential, bringing into their work a number of scholars, young people, and middle management people who are concerned, at various levels, with the issues of international policy toward the Third World.

For 1982, study group activities should be expanded and better organized in the light of the guidelines established within the Institute to render their activities more fruitful. These are the guidelines, group by group:

- a. the Persian Gulf study group will be expanded so as to include among its interests the whole realm of Arab world studies. For 1982 its attention will be centered on North Africa;
- b. the Latin American group has planned several seminars on some of the following topics: relations between Latin America and the United States; The Andean Pact; Brazil on the eve of elections; Mexico as an emerging power in the Central American area;
- c. The North-South group will monitor the global negotiations, which for the moment have come to an impasse. It might take up specific issues, with particular attention to the Italian position, or update its own knowledge of the problems in relations between the EEC and the developing countries;
- d. the African group, if it is formed, could meanwhile start considering a project on Namibia.

8. Publishing

An agreement has been reached with the Franco Angeli publishing house, which will print IPALMO's publications from now on. A combined series is planned, perhaps divided into sections, to cover the proceedings of our meetings and the findings of our research. The first issues should come out in 1982, beginning with the research projects conducted by the Latin American and Persian Gulf study groups on "Opposition Forces in Latin America" and "Situations of Conflict and Tensions in the Middle East," respectively. Published here will also be the collected proceedings of the national conference on development cooperation. There may also be books concentrating on one particular country or issue.

We may begin considering publication of a newsletter on the "international economic situation" with special emphasis on issues affecting the North-South relationship and cooperation.

Still wide open for the future is the idea of publishing a North-South Yearbook, taking care to avoid duplicating the efforts of other institutions.

9. POLITICA INTERNAZIONALE

The magazine published nine issues in 1981, as well as two issues in English.

There was an executive level discussion as to the editorial position of the magazine, which produced several guidelines for improving it. On the whole, the present formula will be retained, centering on monograph or dossier issues, but with a greater share of hard news. In view of the state of the market, it is certain that the magazine owes its growing prestige to its in-depth feature articles or to the issues concentrating on one specific question.

10. One-Time Cooperation Projects and Relations with the Department

In the course of the national conference on development cooperation IPALMO naturally took the lead in expertise on this question, even though the conference was held primarily to stimulate Italian political, economic, and cultural leaders. Actually, IPALMO has neither the structure nor -- perhaps -- any mandate to conduct active cooperation projects, even though there are precedents for some such (support activities in relation to Mozambique) as well as suggestions and proposals from various quarters keeping the question of greater involvement very much to the fore. Specifically, IPALMO -- above and beyond its regular mission of providing stimulus and conducting studies -- could act as a link among various forms of cultural cooperation, with Third-World universities or with Third-World research institutes, or for training and instruction courses and information projects; we are considering a resumption of cooperation with Maputo University.

In reactivating our operations in this field it might be helpful to have an overall proposal on the basis of which we could get discussion and a decision from the board of directors.

It should also be remembered that any expansion of functional operations in the field of cooperation will require establishment of a special office for the purpose of dealing with the complications -- including legal ones -- which such activity, not to mention anything in the areas of training, instruction, or sending experts out into the field would involve.

Proposals have been made by the Department for collaboration at various levels, including that of setting up and operating a documentation center which would be a part of the Department and an expansion of its present Bureau of Studies.

Lecture Course on the State in North Africa

Analysis of the present situation in the Third World devotes increasing attention to the way in which the new state entities are structured and on their relationship with the traditional culture. These are the topics around which the course on "the problem of the state in North Africa" centers. The course is sponsored jointly by IPALMO and the African Studies Center of the Feltrinelli Foundation. The lectures, which began in January, are given on successive days in Rome and Milan, and in each of them the subject matter is dealt with by two professors, one of them chosen from the ranks of the top foreign experts on the problem.

It is obvious that in the North African region, the question was of particular interest it touched upon the current Islamic revival vis-a-vis the state, the power structures it has created, and the cultural values in which it is rooted.

The relationship between the two is one of outright antagonism, according to Bruno Etienne, who on 13 January shared the podium for the first lecture with Bianca Maria Scarcia, dealing with "The State in Contemporary Islam: the Maghreb Case".

While Ms Scarcia dwelt primarily on the nature of that relationship in the traditional culture, Mr Etienne analyzed the recent phenomena which take Islam as their sole point of reference and deny legitimacy both to the power of the state and to traditional religious structures which used to be guarantees of that legitimacy, thus engendering the rise of new confraternities and the growing influence of individual preachers.

The relationship between Arab and territorial nationalism was the subject of the second lecture, given at the Institute on 27 January by Albert Nouschi and Giampaolo Calchi Novati: that relationship is one, Calchi Novati pointed out, in which the note of "Arab unity" -- less shrill in the Machrek but nevertheless present as part of the anti-colonial syndrome -- and the notes of Maghreb unity have been gradually drowned out by a nationalism into which have flowed rivalries old and new, conflicting aspirations to hegemony, and social factors. Nouschi looked at the question from the economic aspect, underscoring the way in which the different attitudes taken by the three separate states of the Maghreb to their own particular economic policy constituted the prime element of differentiation and of national identification, and how it, through the structures for managing the economy, laid the foundations for a new nationalism.

6182

CSO: 3104/170

SOVIET SPY SHIPS INVOLVED IN COLLISION

Amsterdam DE TELEGRAAF in Dutch 26 Mar 82 p 3

[Article: "Collision With Russian 'Freighter' in Heavy Fog"⁷

[Text] IJmuiden, Friday--Our counter espionage services were very busy yesterday with three merchant vessels from East Bloc countries involved in collisions in a heavy fog. The vessels are equipped with loads of electronic equipment for espionage tasks.

Yesterday morning the GDR freighter Tamar collided with a Brazilian freighter at 30 kilometers off the coast near IJmuiden. The East German ship, equipped with a forest of antennas and other electronic equipment, sprang a leak, but with the use of its pumps could be towed to the Averijhaven [harbor for damaged ships]. A member of the Tamar's crew had to be hospitalized with injuries.

Ferryboat

Yesterday afternoon the ferryboat Prinses Margriet rammed two Russian ocean-going vessels on the Westerschelde near Flushing.

The Soviet vessels Payda and Ladoga-14 appeared to be equipped with more than the usual electronic gear.

The Ladoga-14 sustained heavy damage and will have to be repaired in our country. However, it will have to wait till there is a vacancy in the RSV [Rijn-Schelde Verolme] repair yard in Flusing-East. That repair facility also handles navy ships on a regular basis, including the De Ruyter, still an object of great interest to the Russian information service. At this time however, the ship is not in the Netherlands.

Clear

Yesterday evening a Royal Navy spokesman said that the three ships are not very well known. "It is, however, clear that the freighters participate in electronic warfare. On the other hand, most ships from these countries are equipped for that purpose." said the navy information service. The Royal Navy is always on the alert when it comes to ships from East Bloc countries.

The Prinses Margriet's collision with the Russian freighters resulted in light damage to a number of passenger automobiles and trucks on the ferryboat.

Breakwater

In an attempt to return to the ferry harbor in Breskens the Prinses Margriet ran aground on a breakwater. The crew felt greatly relieved when the ferryboat could quickly be pulled free by the tugboat Zwitserland of Willem Muller from Terneuzen which came quickly to the rescue.

The heavy fog caused numerous other collisions as well.

Yesterday the Belgian suction-dredger Ourthe was run over by the German bulk carrier Victoria Bay. Because of the heavy fog, tugboats were unable to salvage the suction-dredger which listed heavily. As a result traffic on the Westerschelde came to a sudden halt.

10319

CSO: 3105/155

BAYULKEN INTERVIEWED ON DEFENSE POLICY

Istanbul CUMHURIYET in Turkish 24 Jan 82 p 6

[Text] ANKARA. In a special statement to the Turkish News Agency, Minister of National Defense Bayulken said that "existing legal realities can not be changed through fait-accomplis." He was referring to the policy adopted by Greece and added that Turkey's cool headed approach originated from a legal position that was based on agreements and in conformity with international law.

In reply to a question concerning Greece's introduction of weapons on the Aegean islands and its efforts towards increasing its territorial waters to 12 miles Bayulken stated that the policy of the Turkish government vis-a-vis these matters had recently been announced by the Prime Minister and the Minister of Foreign Affairs. He added:

"Turkey is convinced that international agreements can not be unilaterally modified and that existing legal realities can not be changed through fait-accomplis. Accordingly, Turkey has raised and will continue to raise at every forum, efforts towards the fulfillment of rights recognized by international agreements. Turkey's cool headed approach originates from a legal position that is based on agreements and that is in conformity with international law."

When the correspondent from the Turkish News Agency mentioned the existence of news concerning a declaration of independence by the Turkish Federated State of Cyprus at the end of the first week of February and as the result of Greece's policy as well as the heavy handed intransigence of the Greek-Cypriot side Bayulken said:

"I have had no contacts concerning the matter to which you are referring. It is not possible to believe in the accuracy of such news because I can see no connections between the news in question and the negotiations that are currently in progress in Cyprus or the policy of the Turkish government."

The following replies were given by National Defense Minister Bayulken to other questions asked by the correspondent from the Turkish News Agency:

QUESTION: Do you believe that other countries and particularly other Scandinavian countries will follow the lead of Norway in imposing an embargo?

ANSWER: As you know, the Turkish government has taken the necessary initiative and issued the appropriate statement concerning the matter of Norway. It is impossible to logically explain or interpret Norway's policy and action within the context of our bilateral relations or the concept of mutual assistance within NATO. Among other Scandinavian countries, only Denmark is a member of NATO. A similar situation has not come into question within the context of military assistance and Denmark. Actually, there are no major ties or projects that fall in the domain of bilateral military assistance with the countries in question. Moreover, Turkey has already announced that it will accept no military or economic assistance that is contingent upon any conditions.

QUESTION: The Greek government has officially announced that it would provide maintenance and repair work to ships belonging to the Soviet Union, deployed in the Mediterranean and charged with the role of military support. What are your thoughts concerning this topic?

ANSWER: As you know, this issue had surfaced upon an earlier occasion. Previous Greek governments had perceived that an agreement of this kind would not have been compatible with NATO ties and had stopped short of the implementation of a similar agreement. From what we have learned from the press, it appears that the new Greek government favors such an agreement. It is clear that NATO will assess this topic in the same light that it has assessed it in the past.

QUESTION: What do you think about French Foreign Minister Claude Chesson's statement that the number of Turkish troops in Cyprus has been increased from 26,000 to 36,000?

ANSWER: As it has been stated in a declaration made by our Ministry of Foreign Affairs, a situation of that kind does not fall into question.

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